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## NEWS SUMMARY

### GENERAL

## DPP to probe Ulster filming

The Director of Public Prosecutions is to investigate the filming by a BBC Panorama team of an IRA "occupation" of an Ulster village last month.

Inquiries will be made by Commander Peter Duffy, head of Scotland Yard's anti-terrorist squad. He will concentrate on a possible breach of a section of the Prevention of Terrorism Act dealing with the withholding of information which could lead to the arrest of terrorists.

The BBC, which is making its own investigation, said the filming appeared to breach standing instructions but denied any collusion with the IRA. A statement from the Provisionals said the film unit's arrival was "coincidental." Back Page

**White victor**

Philip Leakey, youngest son of anthropologists Louis and Mary Leakey, became the first white to be elected to the Kenyan Parliament since independence 16 years ago. Several Cabinet ministers lost seats in the election. Page 2

**Hostages move**

The UN Security Council called for the release "without delay" of American hostages held in the U.S. Embassy in Tehran. Thousands of students marched in the Iranian capital to demand the deportation from the U.S. of the former Shah and in Washington bystanders clashed with Iranian demonstrators. Back Page

**SALT II vote**

U.S. Senate Foreign Relations Committee approved the Strategic Arms Limitation Treaty (SALT II) by 9-6 votes, sending it to the full Senate for debate. Page 2

**Libel award**

Former Liberal Party benefactor Jack Hayward was awarded £50,000 libel damages against the Sunday Telegraph—subject to possible appeal. He claimed the paper falsely implied he had been the "paymaster" in an alleged conspiracy to murder male model Norman Scott.

**Carl verdicts**

James Robinson, Vincent Hickey and Michael Hickey were convicted at Stafford of murdering newsboy Carl Bridgewater. Patrick Molloy was cleared of murder but found guilty of manslaughter. Sentences will be passed on Monday.

**Two deported**

West Germany deported two jailed Palestinian guerrillas after a scandal about their interrogation in prison by an Israeli agent. They were flown, under escort, out of Germany but police would not reveal their destination.

**Flights cut**

Paris air traffic controllers — striking in support of claims for better pay and equipment — will stop flights for much of the weekend and on three days next week.

**Briefly . . .**

Eight Poles were arrested in Sweden on suspicion of spying on military bases.

Dutch sergeant in United Nations' Lebanon peacekeeping force was killed when his patrol vehicle detonated a mine.

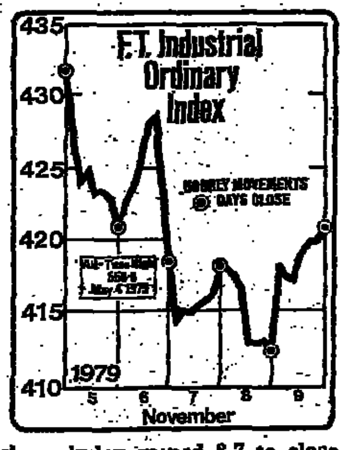
England appointed Ian Botham a selector and Derek Randall opening batsman for the first match of the Australian tour.

Fire killed family of four at a house in Salford, Greater Manchester.

### BUSINESS

## Equities rally to 420.9; £ gains

● EQUITY markets staged a sharp technical rally after an eight-day slide and the FT 30-share index gained 3.7 to close at 420.9, though still 10.8 lower on the week.




● GILTS continued to decline, with longs losing up to a full point on further selling and shorts staging a late rally after being up to ½ down. The Government securities index fell 0.62 to 65.48.

● STERLING gained 70 points to $2.0920, but its trade-weighted index was unchanged at 67.3. The dollar was slightly firmer and its index rose to 87.3 (87.1).

● GOLD closed $1 an ounce higher in London at $390½.

● WALL STREET was 10.93 higher at 808.53 near the close.

● CANADIAN dollar fell sharply in Ottawa to $4.16 U.S. cents from $4.37 cents on news of Government plans to raise taxes on foreign oil companies.

● LEADING U.S. banks have raised their prime rates by a ½ point to 15¼ per cent. Although a record high, the House Banking Committee chairman said the move was "disappointing." Page 2

● MASSEY - FERGUSON, the Canadian farm machinery group, is to close its combine harvester plant in Kilmarnock, Ayrshire, with a loss of 1,500 jobs. Back Page

● FARMWORKERS in England and Wales will receive pay rises of between 19 per cent and 24 per cent from January 20 after a settlement last night.

● BRITISH AIRWAYS is to launch its own credit card, to be run by Barclaycard along its Visa line. Page 4

● AUSTRALIA has agreed to sell 2,500 short tons of uranium oxide valued at about A$160m (£85m) to South Korea, the first contract since a ban on uranium exports was imposed seven years ago.

● A GROUP of six Western and Japanese banks have joined the National Bank of Hungary in setting up an international investment concern to promote East-West trade. Page 2

### COMPANIES

● GEC has raised its bid to acquire Averys, the weighing machine company, to nearly £98m from £90.4m. Back Page

● ITEL Corporation, the troubled U.S. computer leasing concern, fears its third quarter losses will be higher than expected. It will be filing more claims against Lloyd's of London. Page 21

● MITCHELL COTTS, the international trading group, will regain a 49 per cent stake in its Ugandan tea estates which were nationalised by the Idi Amin regime seven years ago. Page 18

● TAKEOVER of Paris-France shopping chain is left open to the Radar stores company as the original bidder, the Au Printemps group, has withdrawn. Page 21

# Minimum lending rate increase looks certain soon

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**An increase in Minimum Lending Rate now looks almost certain in the near future after a week in which the credibility of the Government's current monetary stance in the eyes of the City markets has been seriously shaken.**

The Treasury bill rate rose sharply at yesterday's tender to a level which would indicate an MLR of 15¼ per cent, against the present 14 per cent, under the old market related formula abandoned 18 months ago. It is now set by the Bank of England.

At the same time, prices of gilt-edged stocks fell sharply for the seventh day in a row and new official figures suggested the Government will be lucky to stay within its public sector borrowing ceiling for 1979-80.

No decision has yet been taken on MLR and there will be considerable further discussions early next week, involving the Prime Minister, before the issue is resolved.

The main question at present, however, looks to be when, and by how much, MLR is raised. The most likely date is next Thursday when the detailed money supply figures will be published. An announcement about the future of the corset controls on the banks and on the rollover of the monetary target from next April to October is also imminent.

All this may be wrapped up together in a single statement in a Government attempt to demonstrate its commitment to achieving its monetary target, the centrepiece of economic policy.

Any announcement will be separate from the publication — on November 20 — of the Treasury's latest economic forecasts which will be gloomier even than the pessimistic projections accompanying the June Budget.

The extent of any increase in MLR is still uncertain and the Treasury bill rate is not an exact guide since the low level of applications and results of the tender suggests the discount market was acting defensively. Nevertheless, the City generally expects a rise in MLR of 1½ to 2 points.

This would increase the cost of an overdraft to a top-quality borrower to at least 16½ to 17 per cent and the building societies would have to re-examine whether the ¾ point increase in the mortgage rate to 12½ per cent in January will be sufficient.

This test for the Government's monetary policy has arisen because the banking figures on Tuesday indicated the rate of growth of the money supply was much higher than expected and above the target range.

Officials believe this increase may have been erratic. But bank lending is still more buoyant than desired and it is clearly taking much longer than hoped to reduce monetary growth.

An indication of the November banking figures will not, however, be available for three weeks and the Government will have to show a lead well before

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# Buyers queue for BP shares

BY CHRISTINE MOIR

THE GOVERNMENT has found buyers for the 80m shares in British Petroleum it has offered to the public. But with the nominal offer price standing above the market price for BP shares in the last day or so short term speculators have stayed away.

The Bank of England announced yesterday morning that application lists had closed one minute after opening at 10 am and the issue was oversubscribed. No further details of applications were given but they do not appear to have outnumbered the shares on offer by more than two to one.

Many of the major investing institutions did not apply for shares; most of those who did claimed to have put in for the number they wanted — a sign that they did not expect their applications to be heavily scaled down.

When application forms were made available on Monday the first print order of 1m was taken up and a further 250,000 had to be printed.

Last minute application queues at the clearing banks handling the forms were not marked by excess enthusiasm. "Orderly" was the word used by the Bank of England to describe the early morning scene.

With counting split between the clearing banks and the Bank of England it is likely the Bank will meet its 9 am deadline on Monday for announcing the details of allocation.

In anticipation the Stock Exchange plans to open the trading floor half an hour earlier. Jobbers will be allowed on the floor at 9 am. Brokers will be able to queue at their pitches from 9.15 but trading will not start until the normal time of 9.30.

The market will also stay open until 5 pm instead of the customary 3.30 finish.

The news of the oversubscription, plus an improvement in market tone, produced an 8p improvement in BP's share price in the market yesterday to 364p, 1p above the Government's stated offer price. Because of savings on stamp duty and dealing fees, however, and because 60 per cent of the price does not need to be paid until February 6, the true cost of the new shares is less than 330p.

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# More jobs to go in BSC steel cuts

BY PHILIP BASSETT AND ROY HODSON

THE British Steel Corporation yesterday gave formal notice that it is to end steel-making at its Shotton works in North Wales at a cost of 6,420 jobs and went on to announce that further redundancies are likely in the industry soon.

British Steel said last night that the Cleveland, Teesside, electric arc steelmaking plant and associated mills are also to close with the loss of 1,200 jobs. Another 1,200 jobs are at risk in Scotland, where the corporation is understood to be ready to close the plate mills at Dalzell and Clydesdale.

The Teesside and Scottish redundancies will be in addition to the loss of 12,000 jobs resulting from the decisions to end steelmaking at Shotton and, as already announced, at Corby, Northamptonshire.

Yesterday's formal notice that steelmaking is to cease at Shotton comes after a seven-year fight by the workforce to save the plant.

Although other TUC unions have failed to give immediate support to the Iron and Steel Trade Confederation's plans for a campaign of industrial action, Mr. Bill Sirs, the union's general secretary and chairman of the TUC steel committee, said after seven hours of talks with BSC yesterday that the corporation's announcement would increase pressure on the other steel unions to support the campaign.

The action proposed includes an overtime ban, a 24-hour strike and a series of selected stoppages.

Mr. Sirs has said that his union will take action alone if necessary, yet the steel unions' decision weakened the ISTC's case over Shotton yesterday.

The union side, made up of local representatives as well as the TUC steel committee, raised again a proposal that with the operation of tandem furnaces at Shotton at an increased output, the plant could become competitive.

It put forward a further proposal that with no capital investment and a slimmed-down workforce, Shotton could be made viable as it is.

The corporation estimates that Shotton will lose £45.9m in this financial year out of the £49.7m it expects to lose in its Welsh division compared with the corporation's total £194.6m projected overall losses.

It will begin closure of Shotton at the end of December by shutting down four open-hearth furnaces and one blast furnace.

The other blast furnace and the remaining open-hearth furnaces will be closed down in February leading to an overall closure in March.

The Steel Corporation will bring in 15,000 tonnes of hot-rolled coil steel a week for the remaining finishing end of the plant. Some 4,000-tonnes will come from Llanwern in South Wales and 11,000 tonnes from Ravenscraig in Scotland, now the Hunterston ore terminal demarcation dispute has been settled.

While national and local union officials were yesterday insisting that they were now formally in dispute with the Corporation, and that there could be no question at the moment on discussing severance payments, local feeling seems to indicate that the workforce will be prepared to enter into negotiations on redundancy payments rather than take up BSC's other option of going on to guaranteed 80 per cent earnings from the start of the closure.

The corporation recognises it will have to buy out both its 12 months' notice of closure and the promise made two years ago not to consider the plant's future until 1982.

Mr. Sirs, acknowledging this, said that any redundancy payments would therefore have to be higher than the previous maximum at Bilston, where payments averaged £7,000 and reached as high as £20,000. The average for Shotton could be between £8,000 and £14,000.

Shop stewards at Shotton will meet on Monday to discuss the closure notice and any possible action.

The Cleveland plant is to be closed early next year. British Steel has promised to redeploy a number of the workers.

Since the new 10,000 tonnes-a-day blast furnace at Redcar was brought into production recently, the bulk Teesside steelmaking capacity has far outstripped available demand. The new low-cost Teesside iron is enabling the oxygen steel furnaces and the continuous casting plant to make more steel than ever before. The new production capacity has forced British Steel to close down the higher-cost steelmaking at Cleveland.

**£ in New York**

| | Nov. 9 | Previous |
|---|---|---|
| Spot | $2.0915-0930 | $2.1020-1030 |
| 1 month | 0.05-0.06 pm | 0.14-0.09 dis |
| 3 months | 0.15-0.25 pm | 0.07-0.12 pm |
| 12 months | 1.0 0.85 dis | 1.00-0.60 dis |

# Commonwealth force for Rhodesia elections

BY MICHAEL HOLMAN

BRITAIN has agreed to accept a Commonwealth force likely to number several hundreds to monitor a ceasefire during Rhodesia's pre-independence elections.

The UK is to contribute the biggest contingent.

The move, announced by British officials yesterday, is partly a response to pressure from Commonwealth countries and partly an effort to secure the support of the Patriotic Front delegation to the Lancaster House talks for Britain's plan for pre-independence arrangements in Rhodesia.

The news, however, did little to soften the guerrilla alliance's wide-ranging and fundamental objections to the plan. The talks have ended their ninth week in deadlock.

At yesterday's hour-long plenary session, the guerrilla leaders tabled a 10-page response, which said bluntly that the British proposals "do not satisfy our essential requirements for the interim period."

Mr. Joshua Nkomo, co-leader of the Patriotic Front, warned: "Peace cannot come on this basis."

Clearly the two weeks of negotiations over interim arrangements have done little to narrow the wide gap between the Front and Britain and the delegation of Bishop Abel Muzorewa, the Zimbabwe-Rhodesia Prime Minister, which has already accepted the plan.

Lord Carrington, Foreign Secretary and conference chairman, will respond to the Front's paper today, but a British spokesman repeated that there was little room for manoeuvre.

The outcome of the talks will now depend on intense diplomatic activity in the next 48 hours, with a major role being played by Dr. Kenneth Kaunda, the Zambian President, who is expected to put forward compromise proposals. These will take into account Britain's willingness to accept the Commonwealth force.

British officials repeated Mrs. Margaret Thatcher's pledge that British troops would not be committed to a combat role in Rhodesia.

The Commonwealth contingent, they said, would have a strict monitoring role and would come under the authority of the proposed British Governor, who would have full executive and legislative powers during a transition period of two to three months.

"It will not constitute a fighting force," said the spokesman. "Intended to compel observation of the ceasefire, it will be there to monitor arrangements which would have been agreed to by all parties."

There will also be Commonwealth observers, who will report on the conduct of elections.

Australia announced yesterday that it had already agreed to send 110 men. Other contingents may come from New Zealand, Canada, India, Kenya and the Gambia.

Selecting the contributing countries will be a delicate task. The British spokesman said that the decision would be ultimately Britain's, but suggested that Commonwealth members "radically unacceptable" to the two delegations to the talks "would not be appropriate."

A full list of participating countries has not yet been drawn up.

Rhodesians split, Page 2

# Barclays further U.S. expansion

BY DAVID LASCELLES IN NEW YORK AND MICHAEL LAFFERTY IN LONDON

BARCLAYS BANK announced a further significant expansion of its budding U.S. consumer finance business yesterday.

Through its U.S. consumer finance subsidiary BarclaysAmericanCorporation it will buy 138 consumer finance offices in 12 States, bringing the total to nearly 500 offices in 28 States.

The offices are being sold by Beneficial Corporation, one of the biggest consumer finance concerns in the U.S. It was forced by the Justice Department to divest itself of some operations for anti-trust reasons, as a condition for approval of other acquisitions that it wanted to make.

The Barclays purchase is subject to this deal with the Justice Department going through, which it should by the middle of next month.

Because of this delay Barclays would put no firm price on the deal yesterday. On September 30 the offices concerned had $178m (£84.75m) in receivables, and the purchase price then would have been $190m (£90.5m).

Mr. Bruce Cunningham, executive vice-president at BarclaysAmerican, said the purchase would be financed partly by Barclays in London and partly by borrowings in the U.S. The company had lines of credit with U.S. banks, he said, but might consider borrowing longer-term if U.S. interest rates eased off.

He would give no indication of the possible contribution from Barclays in London.

Barclays' acquisition is subject to approval by U.S. regulators, but Mr. Cunningham said he did not expect any problems.

BarclaysAmericanCorporation —an organisation with 360 offices in 22 states—is the new name for American Credit Corp., the North Carolina consumer finance company which Barclays bought earlier this year for nearly $200m.

Mr. Bland Worley, the company's chairman, said that the latest acquisition was part of BarclaysAmerican's plan to expand its activities "from coast to coast" and become a national company.

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## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | |
|---|---|---|---|---|
| Averys | 253 | + 20 | Thorn Elec. | 326 + 6 |
| BAT Inds. | 253 | + 6 | Wallis Fashion | 50 + 8 |
| Barclays Bank | 400 | + 12 | Wolseley Hughes | 262 + 14 |
| Beecham | 127 | + 5 | BP | 364 + 8 |
| Brent Walker | 85 | + 5 | LASMO | 318 + 12 |
| Dowty | 263 | + 10 | Oil Exploration | 598 + 14 |
| GEC | 319 | + 6 | Shell Transport | 332 + 6 |
| Glaxo | 400 | + 10 | C. Pacific Minerals | £12¾ + 1 |
| House of Fraser | 127 | + 5 | Cons. Gold Fields | 322 + 6 |
| ICI | 330 | + 8 | Con. Gld. Flds. Aust. | 330 + 15 |
| IC Gas | 590 | + 6 | Oilmin | 110 + 8 |
| Johnson Cleaners | 133 | + 9 | S. Pacific Petroleum | 465 + 28 |
| Lloyds Bank | 288 | + 10 | Thiess Hldgs. | 385 + 23 |
| Lucas Inds. | 207 | + 6 | FALLS | |
| Manders | 145 | + 7 | Excheq. 11¼pc '84 | £88¼ − ¼ |
| Norsk Hydro | £58¼ | + 2¼ | Excheq. '99-02 A | £85¼ − 1⅛ |
| Runciman (W.) | 88 | + 5 | Gleves | 89 − 11 |
| Sotheby PB | 350 | + 25 | Milletts Leisure | 144 − 10 |
| Stylo Shoes | 175 | + 10 | SEET | 52 − 5 |
| Tarmac | 173 | + 6 | Victoria Carpet | 18 − 5 |
| | | | Couzinc Riotinto | 192 − 6 |

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# OVERSEAS NEWS

## Senate body approves SALT-II

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE SENATE Foreign Relations Committee yesterday morning approved, without major alteration, the strategic arms limitation agreement (SALT-II) between the U.S. and the Soviet Union.

The committee's final vote, nine in favour and six against, is about what had been expected. The stage is thus set for the climactic Senate debate on the issue, which will probably start later this month and may last until the New Year.

The Bill proposed by the committee is essentially the treaty as negotiated by the two countries. It contains 22 technical recommendations, none so serious as to be unacceptable to the Soviet Union. The most important of them requires President Carter to assure the Senate that the Soviet troops in Cuba have no combat capability.

However, the Administration freely admits that it was always easier to circumvent potential problems in the committee, because of its bias in favour of arms control and détente, than it will be with the full Senate.

In the Senate debate a variety of amendments, some of the so-called "killer" variety, are bound to be offered. Although the treaty itself will require a two-thirds vote of approval, amendments may be incorporated on a simple majority vote.

While the real SALT battle still lies ahead, President Carter was yesterday in a position to savour a substantial victory in Congress when the Senate voted overwhelmingly on Thursday night in favour of his proposal to enhance the development of synthetic fuels.

The Senate Bill, which now has to go to a joint conference committee with the House of Representatives, allocates $20bn for synthetic fuels development and establishes the Synthetic Fuels Corporation to oversee the programme. It also earmarks $14bn for additional conservation measures, much more than the President had originally asked for but to which he has no objection.

Protagonists of the package agreed that events in Iran had clearly given an impetus to the Bill that might otherwise have been lacking. Renewed uncertainty about supplies of Iranian crude reaching the domestic market reinforced the Administration's arguments that U.S. vulnerability to foreign sources had to be reduced.

## Carter reaps the backlash of Tehran siege

BY DAVID BUCHAN IN WASHINGTON

THE MODEST hopes in Washington this summer of reaching an accommodation with Iran have now been dashed — not permanently, but at least until the Iranian revolution runs its course to a state of some stability.

If the U.S. hostages in the Tehran embassy compound are released unharmed, the anti-Iranian backlash that has developed among the American public this week will still force the severest chill in relations between the two countries.

President Carter has termed the past few days as his worst spell in the White House. Along with his Administration officials he has sought to keep the lid on U.S. public reaction to the embassy seizure, which has been officially backed by Ayatollah Khomeini's regime.

But demonstrations by Iranian students in the U.S. in support of their Tehran counterparts have provoked as yet small counter-protests by Americans waving placards saying "Iranians go home," "Send in the Marines" and "Take the oil and shove it."

Mr. Carter has been attacked on the issue by right-wing politicians, some of whom he must face in next year's selection. Once the Tehran siege is over he will face no choice but to allow anti-Iranian sentiment in the U.S. freer rein. If the Tehran crisis ends bloodily, U.S. reaction will be much worse.

The Administration has been criticised for allowing the U.S. to get its fingers badly burnt in Iran twice this year.

But the complaint is that the Administration decided this summer it could best serve its economic and strategic interests by reinforcing the shaky position of Prime Minister Medhi Barzagan's Government, through a show of goodwill.

This involved resuming sales of spare parts for U.S. arms, selling Iran badly-needed heating oil, bolstering the number of its diplomats in the Tehran embassy and encouraging U.S. businessmen to return to the country.

The policy is alleged by its critics to have left the U.S. needlessly exposed at a time when it should have been clear that only a semblance of stability prevailed in Iran and that Government control of mob factions was minimal.

Iranian oil is vital to the West, however, and especially to the U.S., which gets 10 per cent of its oil imports from that country.

## Ministers ousted in Kenya poll

By Quentin Peel in Nairobi

SEVERAL SENIOR Cabinet ministers lost their seats in Parliament yesterday as Kenyans voted out of office half their sitting MPs.

Most of the hierarchy of the ruling Kenya African National Union were rejected in a voters' backlash which caused the downfall of several leading members of the "old guard" of the former President, Jomo Kenyatta.

At the same time, one white Kenyan—Mr. Philip Leakey, son of anthropologist Dr. Louis Leakey—and one Asian, won seats in a demonstration of Kenya's professed non-racialism. Mr. Leakey was the first white to be elected to the National Asembly since independence.

But the results showed conflicting trends, as personalities and parochial issues dominated this one-party election.

Top of the list of the rejected "old guard" was Mr. Mbiyu Koinange, a Minister of State and President Kenyatta's closest confidant. Another Cabinet member since independence, Dr. Taaitta arap Toweett, the Minister of Education, also lost his seat.

Both were known to have opposed the succession of President Moi. But others who were supporters of the President also lost their seats, including Dr. Julius Kiano, the Minister of Water Affairs, and Mr. Isaac Omolo Okero, Minister of Power and Communications.

Of the first 12 Cabinet ministers' results announced, six were defeats. At least nine assistant ministers were also defeated.

## Israel plans to deport mayor

By David Lennon in Tel Aviv

ISRAEL INTENDS to press ahead with its decision to deport Mr. Bassam Shake, mayor of Nablus, the largest town on the occupied West Bank, despite threats by other mayors to resign in solidarity.

West Bank leaders are worried that the decision to expel Mr. Bassam because of his outspoken support for the Palestinian Liberation Organisation, might be just the first step in an Israeli plan to get rid of all the mayors, who are united in their oposition to the autonomy plan.

Reuter adds from Munich: West Germany yesterday deported two jailed Palestinian guerrillas following a scandal about their interrogation in jail by an Israeli agent.

## French reject changes in Community farm policy

BY ROBERT MAUTHNER IN PARIS

THE ADOPTION earlier this week by the European Parliament of amendments to the Community's draft budget for 1980, which particularly affects spending on agriculture, has provoked an outcry in France and a sharp reaction from the Government.

A statement issued yesterday after a restricted Cabinet meeting, devoted mainly to problems due to come up at the forthcoming European Council meeting in Dublin, indicated clearly that France would take a tough stand on any attempts to water down the Community's Common Agricultural Policy.

The Government's statement made no direct reference to the European Parliament's amendments calling for a reduction of Community subsidies for dairy products. But it emphasised that, under the Treaty of Rome, any decisions concerning the Common Agricultural Policy must be taken unanimously by the EEC Council of Ministers, on the basis of proposals made by the European Commission.

The Government's announcement followed a statement in the National Assembly on Thursday, in which M. Pierre Mehaignerie, the Agricultural Minister, welcomed the fact that all the French members of the European Parliament, regardless of their political affiliation, had voted against the amendment.

The elaboration and application of the Common Agricultural Policy did not fall within the competence of the European Parliament and the spending of the Community's farm support fund had "the status of obligatory expenditure," M. Mehaignerie said.

However, he took a more conciliatory line on the specific subject of Community support for the milk sector. France was prepared to accept a real debate on the problem, all the more so since it felt that it was not the main country responsible for the surplus in milk products.

France's contribution to support the milk market amounted to FFr 795m (about £67m), whereas it received only FFr 573m out of Community funds for this purpose. It was the northern European countries which were the main culprits, M. Mehaignerie said. To produce milk in soya bean factories, as they did, was absurd, since the Common Agricultural Policy had been devised to support family holdings.

The Gaullist Party, in particular, is up in arms at what it considers to be an attempt by the European Parliament, not only to undermine the Common Agricultural Policy but to assume supranational powers.

## Turkey heads for more clashes with the IMF

BY OUR FOREIGN STAFF

TURKEY FACES the prospect of continuing clashes with the International Monetary Fund (IMF). Mr. Suleyman Demirel, the Premier-designate, now expects to be able to form a government to replace that of Mr. Bulent Ecevit.

But, at a Press conference this week, Mr. Demirel stressed expansion and new projects rather than the need to continue the austerity programme started by Mr. Ecevit in accordance with Turkey's present agreement with the IMF.

Mr. Ecevit has reportedly undertaken to consider further devaluing the lira and raising the prices of petrol, fertilisers and other basic commodities in an effort to curb the budget deficit.

Mr. Demirel said: "It is not logical to regard the IMF or another international organisation as Turkey's enemy." But he said if agreements with the IMF contained measures against Turkey, he would demand they be rectified.

## Seoul MPs withdraw resignations

SEOUL — South Korea's major opposition group, the New Democratic Party, yesterday decided to withdraw its mass resignations from Parliament and work for a revision of the country's tough constitution.

All 69 opposition members submitted their resignations last month in protest over the expulsion of Mr. Kim Young-sam, the NDP president, from Parliament for alleged anti-state and unconstitutional activities.
Reuter

## Major U.S. banks raise prime rate

By David Lascelles in New York

LARGE U.S. banks pushed their prime rates up a quarter of a point to 15¾ per cent yesterday. Although this is a record high, there are mounting signs that the banks are yielding to political pressure to keep rate rises to a minimum.

Ostensibly, the banks were following the lead set by Chase Manhattan Bank on Wednesday. However, yesterday's move was actually triggered by Citibank, New York's largest, which announces its prime rate every Friday morning, using a formula based on the cost of short term funds.

This formula called for an increase to 16 per cent, and the banking community was clearly waiting to see whether Citibank would brave the storm and move to this level. In the event, it only moved ¼ per cent. But within minutes of its 10 am announcement, most large banks had followed suit.

## Rhodesians split on observers

BY BRIDGET BLOOM

BRITAIN'S DECISION to call for a Commonwealth military force to monitor a cease-fire in Rhodesia will, if accepted by the two Rhodesian delegations to Lancaster House talks, mean that the 41-member organisation will play a key role in both the political and the military aspects of a settlement.

Details of the force, which will be formally discussed only when the conference debates the cease-fire, have yet to be negotiated. It is perhaps more surprising that no details have been agreed for the Commonwealth to observe the proposed elections before independence.

The principle of Commonwealth observers was agreed by all Commonwealth Governments at last August's Lusaka summit. The key paragraph in the agreed communique declares: "Free and fair elections (must be) properly supervised under British Government authority and with Commonwealth observers."

The trouble now seems to be that while Britain, Salisbury and the Patriotic Front all accept the principle of Commonwealth electoral observers, they differ on how they should be organised. In particular, Britain would prefer the observers to be invited by Britain, and to come under the control of the British authorities in Rhodesia during the interim. However, some Commonwealth states, backed by the Commonwealth Secretariat, want a more obviously independent and formally organised body.

The issue was discussed by Commonwealth High Commissioners when they met in London on Thursday evening as the Commonwealth Southern Africa Committee. The committee mandated the Commonwealth Secretary-General to draw up proposals to submit to heads of government, which would suggest that the Commonwealth as a whole may come down on the side of an independent body.

An outline of proposals has, it is understood, already been presented to the British Government by the Commonwealth Secretariat. This envisages the formation of an observer group whose members would be prominent personalities from Commonwealth countries. These include Australia, Canada, India, Jamaica, Barbados, Sri Lanka, Fiji, Kenya, and the Gambia. Neither the front line African states nor Nigeria will be asked, in deference to the Salisbury government's known objections to them.

The observers would have an equivalent status to, for example, the Pearce commissioners sent to Rhodesia in 1971 to sound out opinion on the Douglas-Home settlement terms.

## First offshore bank in E. Europe

BY LESLIE COLITT

EASTERN EUROPE'S first East-West trade bank in which Western banks have a majority share, was founded yesterday here in Budapest, underlining Hungary's role as the chief economic and financial innovator in Comecon.

Hungary's National Bank owns 34 per cent of the new Central European International Bank (CIB) while six Western banks each have 11 per cent of the shares in the $35m capitalisation of the bank.

Comecon's first offshore financial institution will begin operating in mid-January, and is aimed at helping to finance Hungary's trade with the West and the Third World. It may also begin financing trade between Comecon countries conducted in dollars which has grown to some 25 per cent of total intra-Comecon trade in recent years.

The bank, although based in Budapest, will keep its accounts in dollars and be independent of Hungary's domestic currency. It will not be able to lend to Hungarian firms or take deposits from them without Central Bank permission.

Agreement was previously reached on indemnification of the western banks in the event of expropriation.







ARAB WOMEN'S BANKS—A LUCRATIVE NEW MARKET

## Hard cash hidden away from the gaze of men

BY OUR FOREIGN STAFF

FROM THE outside it looks like a ladies' boutique with the blinds drawn. In reality it is one of the more discreet successes in banking in the United Arab Emirates: the Ladies' Branch of the Khalij Commercial Bank.

Located in a rich Arab suburb of Abu Dhabi City dotted with sheikhs' palaces, the bank has an entrance hidden from the gaze of passing drivers. An elderly Bedouin retainer sits outside, not so much guarding the bank's security as preventing the entry of any men. Even the bank's chairman needs advance permission to visit.

Inside this bank of purdah there are no counters, no cashiers and no queues. A gentle-voiced Somali lady ushers customers to a comfortable armchair and coffee appears instantly from the hands of a Nubian servant. If you happen to be female, it certainly beats the hustle and bustle of "ordinary" (that is, men's) banks.

Gossip in the relaxed, air-conditioned atmosphere, focuses less on the deteriorating dollar and the potential of London property investments than on who's married whom (and for how much) and the latest jewellers and couturiers to have arrived in town. With female company guaranteed, many customers come merely to get out of the house. Some of them come lugging enormous amounts of cash in brown paper bags.

For those bankers alert enough to the possibilities, women in Arab countries are a tantalisingly elusive and rich clientele. There are some multi-million depositors lingering in the backrooms of palaces. In Saudi Arabia princesses of the royal family are major stockholders in large new companies and active in the ownership and management of real estate. King Faisal's widows own some of the most valuable areas of Jeddah.

In Kuwait, too, women control sizeable financial resources. Many of the boutiques there are owned by Kuwaiti women, there are a few Kuwaiti chairwomen of companies and some even run companies. As elsewhere, much of the money comes from fathers or husbands. But scores of women are in business, like property or taxis—two lines of commerce which ensure little contact with outside (that is, men) advisers. One woman, the sister-in-law of Dubai's ruler, is involved in the one and only stevedoring company in Dubai port.

Local and foreign bankers have clearly begun waking up to the potential of this hitherto neglected half of the Arab population. In the United Arab Emirates women's banks have been going for nearly ten years now. They represent an enormous step towards independence for the country's women, who will not even speak to a man over the phone, let alone ring up to ask what their balance is.

In Kuwait, which also has some experience with women's banking, the arrangements are different. Most of the banks provide a special women's section within the bank where female customers can transact their business through female banking clerks.

According to an employee at Gulf Bank, though, 90 per cent of the women go to the regular counters. The special sections are not partitioned off from the prying eyes of men, and generally consist of a desk where a woman can get a little quicker service.

In conservative Saudi Arabia a fierce debate is expected over a proposal to open women's branches. The National Commercial Bank, the kingdom's largest, has received permission from the Saudi Arabian Monetary Agency to open three such branches. Citibank has also been told that it will be able to participate once the incorporation of its Saudi operation into a majority Saudi-owned company is completed next year.

Segregation is seen in Saudi Arabia as the most appropriate way for women to enjoy the country's present economic benefits without compromising tradition. Although at least one senior royal minister believes the idea of women in the banking hall is "destructive of their femininity," the first women's branch may be opened within 18 months in a Riyadh suburb.

Women's banking in the Gulf: No counters, no queues, plenty of company.

One practical problem facing the women's banks concerns staffing. The Saudi Arabian Government has told the banks it would prefer recruitment from foreign communities already in the country, even for senior positions, but bankers doubt whether the expertise is available.

In Kuwait the tellers the customers encounter are "northern Arabs"—Palestinians, Egyptians or Syrians—rather than the fair sex of the state itself, even if the latter is relatively liberated compared with its Saudi counterpart.

Proving identity is another problem. Selwa Saad, manageress of the Khalij Bank's Ladies' Branch in the UAE, has to gauge who her visitors are that day by the sound of her voice or the shape of her hands. The "bourga," or face mask, is still a social obligation, even among female company.

The bank overcomes the problems of indentification by encouraging the women to have their photograph taken. "We have our own Polaroid camera in the bank, and we tear the negative up in front of them," Selwa Saad explains. The one printed is then locked away in a safe. In this way the bank has a permanent but highly secret record of their savings-account customers.

In fact only a few customers have cheque accounts, as most of them cannot write. Joint accounts are simply unknown. In the British Bank of the Middle East in Dubai only one client out of 300 account holders has a monthly salary going into an account.

At Selwa Saad's Bank a letter of credit has never been opened. Nor, until recently, has a line of credit been granted. "I've never been asked," she explains. "It's a banker's dream. You just sit back and accept the deposits."

To Western career women, such segregated banking may appear distasteful. But it has its attractions in the Arab world. "We know you cannot buy independence, that it can only come from within," says Selwa Saad. "But having a separate bank account and all the privacy this entails may help women along the path.

"The other day, a local woman came in and told me that her husband was about to divorce her to marry another woman. She was worried that her husband might come and ask how much was in her account. I was able to assure her that not only was this out of the question, but that we would not even let him on the bank's premises."

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# UK NEWS

## Healey warns Left of dangers in disunity

BY RICHARD EVANS, LOBBY EDITOR

MR. DENIS HEALEY, certain to be a leading contender for the Labour leadership when Mr. Callaghan retires, gave a warning last night that continued party squabbling would result in a generation of Conservative rule.

In his most forthright attack on the Left since the divisive party conference last month Mr. Healey fiercely criticised Labour's national executive committee for its "lamentable performance" in running the party.

His outspoken comment will be well received by many Right-wing MPs who see Mr. Healey as the best qualified potential leader to take on the Left for control of the party in the next decade.

The significance of last night's speech to party workers in Neath is that Mr. Healey showed himself willing to speak out on the party's internal conflicts, in contrast to three other likely contenders, Mr. Michael Foot, Mr. Peter Shore and Mr. John Silkin. All three have clearly decided not to make partisan comments or to take sides too openly in the arguments now raging in the party.

Mr. Healey's theme was that the issue posed by the Commission of Inquiry was far wider than one of organisation and finance. It was about what sort of Labour Party was wanted.

In his view there was a choice between remaining a broad movement capable of mobilising a majority of the British people "against the most vicious brand of Conservatism for 100 years," or becoming a dwindling band of squabbling sects increasingly deserted by working people.

If the second course was chosen he was convinced it would leave the door wide open for a generation of Tory rule.

He thought the new commission could perform a vital service to the Labour movement provided it was not rigged in advance to do a whitewash job for the NEC.

There was a crying need to improve the party's organisation and finances. Individual membership had plunged to the lowest level for a generation. The party was running into a deficit of nearly £1.5m next year.

"The NEC is directly responsible to Conference for the party's lamentable performance in these fields," he said.

## EEC budget move urged by Heath

BY RICHARD EVANS, LOBBY EDITOR

MR. EDWARD HEATH called last night for a system of direct repayment to be devised at the Dublin summit of the EEC to help compensate Britain for its unfair net contribution to the Community budget.

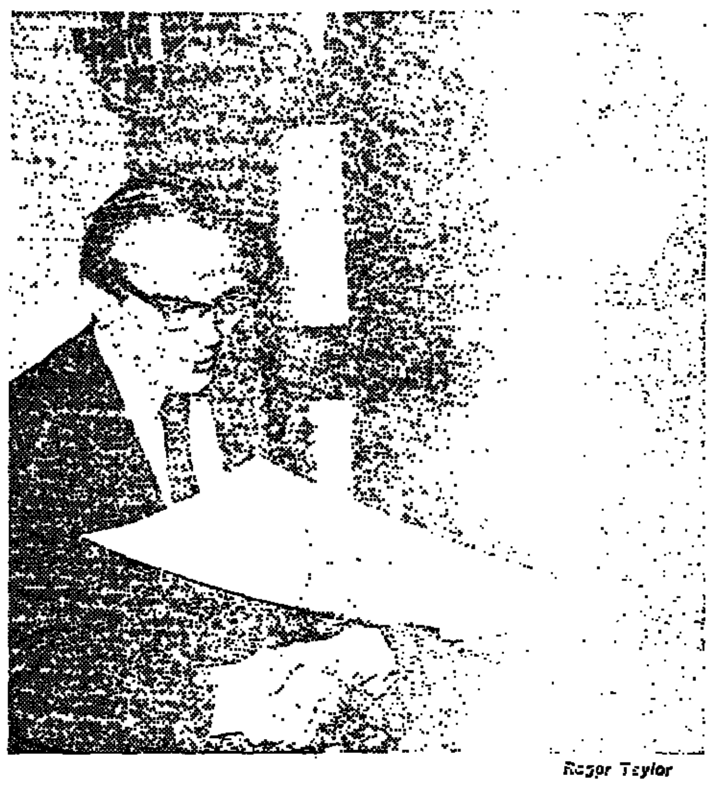
By this means, greater equity could be achieved rapidly, without requiring a divisive onslaught on the Common Agricultural Policy.

He argued that it was reasonable to expect at Dublin agreement not on a complete solution to Britain's budgetary problem, but on an initial compensatory mechanism to bring gross contributions in line with the country's relative gross national product.

He added: "We can expect a sincere commitment by the heads of government to develop a way of bringing greater equity to Britain's net contributions over a reasonably short transitional period."

He believed this to be a reasonable agenda which would not be disruptive of existing Community policies as to bring gross contributions into line with GNP need involve no more than a suitable extension of existing financial mechanisms.

## Design award for FT



Roger Taylor

**The Financial Times has been judged the best-designed national daily newspaper in 1979. Mr. Fredy Fisher, editor of the FT (left) yesterday received an award from Mr. Martin Boothman on behalf of Linotype-Paul, sponsor with Printing World of the Newspaper Design Awards.**

**The judges gave the award for the new Frankfurt edition, which they commended for its typographical crispness. Mr. Harold Evans, editor of the Sunday Times, guest speaker at an award luncheon in London, described the Financial Times as "a machine for thinking with." He said he found the paper austere, but rationally set out.**

**Overall winner of the 1979 competition was the weekly Essex County Standard. In the national daily, Sunday and London evening paper class, the Observer was runner-up.**

**The Sheffield Morning Telegraph won the section for regional morning and Sunday papers, and the Northampton Chronicle and Echo that for evening papers.**

## Ladbroke's casinos 'are fair and honest,' court is told

BY JAMES BARTHOLOMEW

LADBROKE CASINO gaming was always run fairly and honestly, Mr. Reginald Doak, chief inspector of the Gaming Board, told Knightsbridge Crown Court yesterday.

On the fifth day of Ladbroke's appeal against South Westminster magistrates' decision that two of the company's subsidiaries were "not fit and proper persons to be holders of gaming licences," Mr. Doak agreed with the suggestion of Mr. John Mathew, QC, for Ladbroke, that the company's casinos "always ran a fair and honest game."

He also agreed that after regular visits by Gaming Board officers in 1978 and 1979, there had been complaints concerning Ladbroke casinos only on minor matters.

Mr. John Brogoli, Gaming Board inspector, said new security systems adopted by Ladbroke casinos involving television cameras and photostats were "basically sound."

Police Superintendent Norman Marks, who led the investigation into Ladbroke, said that the level of co-operation he received from Ladbroke was "nil." But under cross-examination he agreed that when he searched Ladbroke premises on September 6 this year he could not have received more cooperation.

Mr. Marks denied allegations made by Ladbroke in letters of complaint about his investigation to the Police Commissioner. He said he had not hectored potential witnesses or threatened them.

One of the complaints was that police had passed on information to Private Eye, the satirical magazine. Mr. Marks said the original fact gathering had been carried out by an independent reporter, Mr. Jack Lundin. When Mr. Lundin had been unable to get his information published in the national Press he supplied it to Private Eye.

Mr. Brian Leary, QC for Playboy, one of the objectors to renewal of the licences, asked the whereabouts of Mr. Lundin and Mr. Cyril Stein, chairman of Ladbroke. Mr. Marks said he thought Mr. Lundin was in London. He had no reason to believe Mr. Stein had left the country.



JOHN ELLIOTT ON THE FUTURE OF ROLLS-ROYCE

## The tenuous NEB link

THE SURPRISE announcement that Sir Kenneth Keith has agreed to give up the Rolls-Royce chairmanship marks the end of a significant era in the history of the aero-engine manufacturer, State-owned since it crashed in 1971.

The event also marks a turning point in the life of the National Enterprise Board, the owner of Rolls-Royce for four years.

The relationship between the two has been stormy from the start, and yesterday a major attempt was being mounted in Whitehall and elsewhere to defuse the situation so Rolls-Royce can be given a stable base on which to satisfy growing international demand for its aero-engines.

There was also concern about the future of the NEB if Sir Keith Joseph, Industry Secretary, went ahead with Government plans to switch Rolls-Royce ownership direct to his Department. NEB board members have threatened to resign if this happens and BL—plus perhaps other companies—might want to be similarly released.

Sympathy for the NEB is, however, somewhat tempered because it has never been a very popular organisation. In addition, the Government does not see it as an essential part of the country's industrial heritage but rather, according to Sir Keith Joseph, as something that "may be useful at the margin."

Sir Kenneth Keith, chairman of the Hill Samuel Banking Group, became Rolls-Royce chairman in 1972 shortly after the Government rescued the ailing aero-engine manufacturer. He has since dominated the company's affairs in his forceful personal style, engaging in public feuds with both Lord Ryder and Sir Leslie Murphy, successive NEB chairmen.

Sir Keith particularly resented Rolls-Royce being transferred from direct Industry Department control to an NEB subsidiary when the board was set up four years ago. It was the battles he staged over this that eventually led to this week's storms and his retirement announcement.

The intensity of the feud was demonstrated earlier this year when after falling out with Sir Leslie, he condemned the NEB as a "bureaucratic contraceptive" and complained that "all our money comes via the NEB and they puff and pant and slow the whole thing down."

Since 1971 Rolls-Royce has received a little over £[illegible] of public money, not all [illegible] business has been contracting in real terms for most of the period since nationalisation, but from now on Rolls-Royce will have to finance substantially higher levels of production.

Its output of large jet engines is set to quadruple in the space of five years, and total turnover could be around £2bn in 1985 compared with just £783m in 1978.

Rolls-Royce's problem is to finance this rise in sales into markets where cut-throat competition from General Electric and Pratt and Whitney, its two big U.S. rivals [illegible].

Rolls-Royce has also been damaged by currency swings—last year's lower intake was based on an assumed $1.80 sterling exchange rate—and it is also a major victim of the UK's high inflation and interest rates.

In addition, the company's whole strategy depends on a substantial productivity improvement in coming years.

### Criticised

Some months ago Sir Kenneth—now [illegible]—decided he had had enough and wanted to retire, and he told senior civil servants so. But when the NEB started questioning his demands for £[illegible] in [illegible] aid for development of engines over the next five years, and it publicly criticised the company's [illegible] and [illegible] more stringent application of financial discipline" was needed.

A crisis was developed as Sir Kenneth [illegible] came back and tried to use his influence before he retired to return Rolls-Royce to direct Government control, by calling into question the whole future of the NEB.

But his ideas were met with the threat of mass NEB resignations when they were spelled out, earlier this week by Sir Keith Joseph.

The NEB demanded Sir Kenneth's immediate resignation, with the result that the announcement that he planned to retire early next year was made by Sir Kenneth himself on Thursday night at a dinner in Frankfurt — two months earlier than had been intended.

That Sir Kenneth was forced to declare publicly his intention to retire was something of a victory for the NEB. But it still leaves unresolved the question of whether the board is to lose Rolls-Royce—a further point on which the NEB threatened mass resignations earlier this week.

There is some sympathy among Industry Department officials for taking direct control of the company, whose relationship with the NEB at present duplicates its close links on military and civil aero-engine programmes with Government Departments.

The opposite view is that Rolls-Royce's thirst for taxpayers' cash necessitates the sort of financial discipline the NEB is better at providing than Government Departments.

If Rolls-Royce were to be transferred, there would first be the risk of NEB resignations, then BL would want to discuss its relationships at a meeting with Sir Keith Joseph.

Although Sir Michael Edwardes, BL chairman, is a former NEB member, some of his own board's non-executive directors are not keen on the NEB link. Like boards of other NEB companies, they recently deciding on policies which will then be re-debated by the board itself.

So BL could be just the first of a number of NEB companies that would seek release, just at a time when the NEB is about to go ahead with its Government-ordered sales of some assets in companies like ICL, Ferranti, Fairey and Brown Boveri Kent.

There would then be little of the NEB left—apart from its companies in the high technology and small firms area which the Government has, somewhat reluctantly, tacked on to its main job of looking after lame ducks such as Rolls-Royce and BL.

## Walker expects foreign milk ban

MR. PETER WALKER, Minister of Agriculture, said yesterday he was confident that the European Court would affirm Britain's right to ban imports of Common Market milk on health grounds.

[illegible] the Commission, which [illegible] proceedings against the UK ban, that the Advocate-General of the court, the judges' main adviser, said earlier this year that the controls were legal.

For reasons not yet explained the court gave no verdict on this issue, which remains open to question.

# Credit cards for British Airways

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to launch its own credit card. It will be operated by Barclaycard, and based on the blue, white and gold Visa card.

It will be accepted in the same way as Barclaycard at 130,000 Visa outlets in the UK and nearly 3m world-wide. At first it will be allocated only to UK residents.

Although it will not embody a cheque guarantee facility, it will be possible for holders to get cash advances at more than 70,000 Visa banking branches in 130 countries. It will enable BA passengers, in an emergency, to cash cheques up to £50 at British Airways offices anywhere in the world.

Credit limits will be set to match cardholders' needs. Interest on outstanding balances will be 2 per cent a month, or 26.8 per cent a year.

Although serving as a normal credit card at Visa outlets, British Airways expects the card to be used extensively for air ticket purchase, for hotel and car hire payments, and for holiday package arrangement. Discounts on hotel rooms will be available world-wide.

Mr. Gerry Draper, BA's director of commercial operations, said yesterday that with large department stores and supermarkets having their own cards, it was time for BA to have its one "plastic money."

"To underline the importance of this move, about 30 per cent of all airline travel world-wide is charged to credit cards. Our business through credit card sales is increasing 50 per cent a year.

"With the development of automation in the travel industry, credit cards will assume an even greater importance. For the business traveller they will simplify accounting," he said.

"There will be two types, one for individuals and the other for companies. Both will carry the internationally-recognised Visa identification and the name British Airways."

Applications can be made to any British Airways office in the UK.

# UK second-highest user of 'chips' in Europe

BY JOHN LLOYD

BRITAIN USES more semiconductors — microelectronic chips—per head than any other European country except West Germany, according to Motorola, the world's second largest semiconductor company.

This new ratio—its very invention demonstrates how pervasive and important semiconductors are becoming to our daily life—shows that each UK citizen uses on average $11 (£5.50) worth of chips in a year. It runs a poor second to Germany at $18.30 per head, and lags even further behind the U.S. at $20.30, and Japan, the leader in "semiconductorisation," at $24.80.

France is third in Europe at $8.70, followed by Scandinavia at $7.10 and the Mediterranean countries — mainly Italy — at $2.60.

However the company predicts our use of chips will grow more slowly next year than all other European countries—7.5 per cent, compared with 8 per cent growth for Germany, 8.5 per cent for Scandinavia, 11.5 per cent for France and a leaping 12 per cent for Italy—a European average of 9 per cent.

Motorola estimates the European semiconductor market will be worth nearly $3bn in 1980, split between Germany at $1.1bn, the UK at $615m, France at $471m, Mediterranean countries at $442m and Scandinavia at $332m.

Home electronics will remain the largest user of chips with over 25 per cent of the market —but will decline slightly as a proportion.

# Rank will cut flour milling

By Lisa Wood

RANK HOVIS announced yesterday that it will halve its flour-milling capacity at Premier Mill, Victoria Docks, London.

The company, a subsidiary of RHM, will close one of the two mills there in February. About 220 of the 330 workers will be made redundant.

It said this was because of high costs of operations and need for "rationalisation" of overall capacity.

Changing eating habits, with about 2 per cent less bread a year eaten have meant a significant fall in demand for flour.

Rank Hovis, the largest miller, said it had no plans at present for other closures among its 17 mills.

Every effort was being made to find suitable alternative employment for workers. Normal consultation procedures on implementation of the plans were taking place.

Millers had good profit margins until the beginning of this year, but since there have been two devaluations of the green pound affecting wheat prices, and wages have risen.

The three largest millers are Spillers; RHM; and Associated British Foods, which have all been keen to raise returns from flour, but have had to avoid pitching prices too high because of competition.

MORE UK NEWS on page 19

# Most big mail users are dissatisfied

DISSATISFACTION with the postal services is rising among major customers, according to a survey by the Mail Users' Association, published yesterday.

The survey shows that from a sample of 70 businesses, 30 per cent of the association's membership, 59 per cent thought the service poor or very poor, compared with 24 per cent last year.

There has been less of a shift in attitudes on second-class mail, which 78 per cent of respondents found poor or very poor this year, against 54 per cent last year.

# British Gas well may show oil off Isle of Wight

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation has created a flurry of excitement in the UK oil exploration sector with its latest English Channel well, south west of the Isle of Wight.

It is thought that, at worst, the well has confirmed that geological conditions are suitable for oil-bearing reservoirs—already proved in Dorset—to extend offshore. Some industry reports have suggested that the corporation has actually struck oil.

British Gas, however, refuses to discuss its drilling results on block 98/22. The well is described as a "tight hole," meaning that the information is kept commercially confidential. This is a common precaution when the exploration area contains blocks which have still to be licensed.

The corporation began drilling the well with the Dyvi Beta semi-submersible rig on October 6. The drilling operation was expected to take about six weeks. This is the second well to be sunk on the block by British Gas. The first was suspended for technical reasons.

Onshore, British Petroleum is planning to drill a deep well in its Kimmeridge Field in Dorset in the hope of finding considerably more oil reserves. For the past 20 years, the company has been producing oil—at a low rate, by North Sea standards—from a reservoir 1,700 feet below the surface. The field is still yielding oil at the rate of about 200 b/d.

BP is hoping that it will find another reservoir at a greater depth. There is an important precedent for this. BP and British Gas have greatly expanded their reserve estimates for the Wytch Farm Field, about six miles away, as a result of deeper drilling.

BP, which has a 50 per cent stake in Wytch Farm, says in its share-sale prospectus that proved reserves of the field are about 86m barrels.

Peak production from the field is expected to be 19,000 b/d, again an increase over previous estimates of 16,000 b/d. The top level of production should begin in 1984.

● British National Oil Corporation yesterday reported that it had received a "serious" response from a substantial number of companies willing to take over some, or all, of the corporation's interests in 23 offshore blocks.

# Powell criticises 'bluster' over EEC budget

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER'S warnings about the necessity of reducing Britain's net budget contribution to the European Community have been described as "empty bluster" by Mr. Enoch Powell, Ulster Unionist MP for South Down.

The former Tory Minister said at Forfar, Tayside, the UK could not exert its proper influence unless Parliament amended the 1972 Act of Accession and regained control of its own laws, taxation and administration.

"Then and not until then, will the Community know that we mean business. Then and not until then will our membership of the Community have become negotiable."

Political leverage in Mr. Powell's opinion, would only be possible if, like France, Britain was prepared to treat membership of the Community as an open question, dependent on each successive issue being settled in accordance with national requirements.

Britain's situation within the Community would then be transformed and without breaking up the Market, or breaking any laws the country would be able to follow its national aims.

Until there was a degree of sovereignty restored all Mrs. Thatcher's fine words including her "not later than Dublin" statement on reform of the Budget would be seen as empty bluster.

# Comparability 'must reflect job-for-job principle'

BY ALAN PIKE, LABOUR CORRESPONDENT

PAY COMPARABILITY exercises must reflect the principle of "comparable pay for comparable work in comparable conditions," says the Government in evidence to Professor Hugh Clegg's Comparability Commission published yesterday.

The Government emphasises that in its view job-for-job comparison is the most satisfactory form of carrying out pay comparability exercises where there is an adequate range of outside comparitors. Indexation, says the Government, is not a satisfactory means of determining pay and "historical comparisons are not relevant as a basis for determining current pay levels."

Yesterday's evidence to the Commission has been drafted by the Government in response to its first reports covering local authority and health service manual workers, ambulancemen and university manual employees. The Commission is present considering the pay of other local authority groups, nurses supplementary medical professions, teachers and university technicians.

## Review

The Government urges the Commission to press ahead with a review of existing methods of comparability and to design new ones where necessary. It hopes some of the approaches in the original reports resulting from pressure of time will be eliminated in later ones.

The Commission's rejection of comparisons with groups whose own pay is determined by regular comparison is endorsed by the Government. It "shares doubts" over the use of other comparitors from the public sector, suggesting that some of these "may turn out to be inappropriate because they are not sufficiently subject to market forces."

Comparisons, continues the Government, must be seen to be fair and it hopes that future Commission reports will contain enough information to satisfy outsiders that a balanced and representative selection of comparitors has been achieved.

The Government recognised that its submission was asking much of the Commission. Taking account of relative efficiency, job security and labour supply raised difficult theoretical and practical issues. "Nevertheless the Government believes the Commission must tackle these problems if its work is to have the full confidence of the public."

# Union talks on new Times row

By Our Labour Editor

PRINT UNION leaders met yesterday to try and resolve a demarcation dispute at Times Newspapers that has erupted only days before The Times is due to re-appear on Tuesday.

A spokesman for the management described the affair as "a silly little dispute" and said he was fairly confident it would be sorted out.

It centres on control of two new "counter-stackers," machines which stack the papers as they come off the presses.

According to management, the button determining the machine's speed is under the control of the National Graphical Association, but members of the National Society of Operative Printers, Graphical and Media Personnel have customarily shared the work, at least when The Times is being printed.

An agreement covering operation of the new counter-stackers was part of the overall settlement following the company's long dispute. It says the status quo shall apply, but there is argument about what the status quo was.

The company does not believe the dispute will hinder republication next week.

# Seamens' pay talks reach deadlock

BY OUR LABOUR CORRESPONDENT

PAY TALKS between the National Union of Seamen and the General Council of British Shipping failed to reach a conclusion yesterday and will resume next Friday.

During yesterday's session the employers did not improve the total value of their offer—19 per cent, in line with last month's settlement with the Merchant Navy officers — but discussed alternative ways in which it might be distributed.

At earlier negotiations the NUS rejected a pay and grade restructuring offer which the employers estimated would have added 15 per cent to the industry's wage bill and increased average earnings for foreign-going able seamen from £97.93 to £111.87 per week.

● Pay negotiations were also in progress last night on behalf of 150,000 agricultural workers who are seeking £100 for a 35-hour-week and other improvements including extra holidays and improved overtime rates.

During a break in negotiations Mr. Jack Boddy, general secretary of the National Union of Agricultural and Allied Workers, said that an offer had been made by the employers but there was no way in which the union negotiations could regard this as acceptable.

It is understood that this was for a rise of 14-17 per cent on the present basic rate of £48.50 for a 40-hour week.

# Expansion at Chubb's plant urged

CHUBB CASH of Brighton, part of the Chubb Group, was yesterday urged to expand production instead of going ahead with 85 proposed redundancies next month.

Mr. Chris Darke, divisional organiser of TASS, the white collar section of the Amalgamated Union of Engineering Workers, said that his union was "absolutely opposed" to the redundancies.

# TUC chiefs to visit Ulster

TUC LEADERS will meet the Northern Ireland committee of the Irish Congress of Trade Unions in Belfast on Monday.

Led by Mr. Len Murray, TUC general secretary, the delegation will discuss industrial and social problems, and the effect of public expenditure cuts.

The delegation will consist of Mr. David Basnett, chairman of the TUC economic committee, Mr. Ray Buckton of ASLEF, Mr. Ken Gill of AUEW-TASS, Mr. Doug Grieve of the Tobacco Workers and Mr. Alan Sapper of the ACTT.

● NEWS ANALYSIS—THE FASHION INDUSTRY

BY LUCIA VAN DER POST

# The cold winds of recession are blowing

THE FASHION industry has suffered a terrible summer and autumn. High street shop windows are covered with notices of special offers and early sales in the months that are normally peak selling times. Shops are over-stocked and desperate to clear the rails.

Buyers have had budgets cut or been told not to exceed them by a penny. Smaller manufacturers, lacking the security of firm orders, have been unable to commit themselves to buying fabric so the fabric industry in turn is suffering.

Even a company as stable as Marks and Spencer has felt the need to react swiftly to lower sales by announcing selective price cuts—though as one fashion scene commentator remarked "they shared the pain around by expecting their suppliers to cut margins too."

Another indication of the revolution that has hit the high street has been the selling of two smaller chains, Dorothy Perkins and Van Allan, to larger groups (Burtons and Richard Shops respectively) where bulk buying and opportunities for cost control can offer better prospects.

Even some "blue-chip" companies are willing to admit they are experiencing bad times. Burberry yesterday announced a special "Overcoat Fortnight" from November 20 with overcoats reduced by 20 per cent.

Jaeger admits home sales have not been as high as was hoped, but the company is in the happy situation of having a continually expanding overseas market which now accounts for some third of total turnover. Like Reldan, whose licensing deal with Taroya was announced yesterday, Jaeger has also turned to Japan to find the growth that cannot be relied upon at home.

The reasons for the malaise are complex. One large, successful middle-of-the-road manufacturer said: "The trouble started with a difficult winter season following on the heels of a difficult spring."

The summer never really happened so this stock could be moved only by drastically reducing prices, and thus profits. A prolonged warm autumn kept buyers away and the coat business—normally flourishing by now—has hardly begun. With the Christmas rush starting and January sales not far off, many buyers seem determined to wait until then for their winter coat.

Apart from the unfortunate tendency of the weather not to conform to any pattern, the whole clothing industry was also badly hit by the VAT increase, which effectively put 15 per cent on the price of garments that already seemed very costly. The industry did not derive much benefit from the pre-VAT spending spree and the effect of the tax reductions has not yet fully worked through.

However, many in the fashion industry feel the troubles go even deeper. Some blame the retailers. Until now many stores, particularly in London's West End, have had it too easy. Now that the number of tourists has dwindled, the pound is stronger and conditions more difficult, aggressive selling is needed and the retailers seem lost.

Retailers have become accustomed to increasing their mark-ups as their own response to rising costs. Whereas seven years ago if a store bought at £10 it would sell for £15, giving a return on selling price of 33⅓ per cent, now they tend to buy for £10 and sell for £23, giving a 56½ per cent return. This has put up the price to the point where the customer has said "enough is enough."

Manufacturers meanwhile have been expected to cope with rising costs by increased productivity and cutting margins. As a buyer for another large, successful company said: "I regularly beat inflation by 50 per cent by dint of careful planning and forward buying."

On top of all these troubles, it is generally admitted the fashion designers have got this year's line badly wrong—an even bigger disaster than the midiskirt several years ago.

The public does not like what it is currently being offered. In the spring it did not like the brightly-coloured look and this winter women have turned against the tighter, leaner, more disciplined look which is undoubtedly hard to wear.

One smaller and more adventurous fashion groups said the whole industry is in search of a new direction. The ethnic look—readily accepted by many women because it was attractive and easy to wear—is now played out. The new silhouette is difficult to wear, and the public do not want it. It is no accident that the more classic, middle-of-the-fashion-road companies are suffering least.

The fashion industry for the moment is poised, waiting for something to happen. Some feel the current recession is merely temporary and all that is needed is "confidence, enthusiasm and a steady hand."

Others feel that recovery is likely to take a little longer, probably not being felt until next autumn.

Certainly this recession is likely to lead to something of a shake-up with several less well-founded companies going to the wall. Everyone seems agreed, however, that a smaller cake is on the way and the scramble for a share is going to be tough.

# Plea to pickets at Charing Cross Hospital

By Our Labour Staff

MR. PATRICK JENKIN, Social Services Secretary, last night urged hospital workers to lift their picketing of the Charing Cross Hospital, London, which has stopped taking admissions because of the action.

About 50 engineering workers are on strike over the dismissal of a colleague. Their pickets have turned away oil tankers.

Mr. Jenkin said: "Any industrial action which harms the treatment of sick patients is indefensible and inhuman. The trade unions are quick to criticise Government when health authorities have to make economies."

● Civil servants at a social security office in Kennington, London, were told by the Department yesterday that they would be sent home without pay if they did not end their protest against staff levels. Their unions promised members full support.

# Miners choose Communist

MINERS in Kent have overwhelmingly chosen Mr. Jack Collins, a Communist, to be general secretary of their area of the National Union of Mineworkers.

Mr. Collins, Kent miners' representative on the NUM executive, succeeds Mr. Jack Dunn. Mr. Dunn, area secretary for 20 years, is also a Communist party member.



TODAY'S TRAVEL ARTICLE and ADVERTISEMENTS appear on Page 23

# THE WEEK IN THE MARKETS

## Bleak days of rising rates

The stock market has been through its worst week since the bleak days of early February. All that was missing was a rise in Minimum Lending Rate, and the general feeling was that an increase had merely been postponed in order not to damage the prospects of the Government's BP share sale.

At the beginning of the week interbank rates had moved above 15 per cent—already quite high enough to induce extreme nervousness in both gilt-edged and equities. But the real bombshell came on Tuesday, when the October banking figures showed that credit demand remained very strong and suggested that money supply growth was far from being under control. Since then gilts have tumbled, with yields of nearly 15 per cent on the highest-coupon five year stocks and 14¾ per cent at the longer end of the market.

Equities did manage some sort of a rally yesterday, and the BP issue was safely oversubscribed after giving the underwriters a few unhappy moments. The basis of allotments will be announced on Monday.

### Fast food

J. Sainsbury left most of the analysts' half-time forecasts way behind when it reported a profits jump of a quarter to £19¾m this week. Prior to the announcement of the first 28 weeks' trading, City expectations had ben pitched around the £18m mark.

Sainsbury certainly seems to be doing well, with volume growth of around seven per cent and a small increase in its market share. Impressively, the company was able to push up profit margins at the same time.

The closing months of the year should see an acceleration in new store openings—seven are planned against just two new sites in the first half—and inflation should be moving in the company's favour. The rise in food prices is pushing up its sales revenues, and its own wage awards will not come round till April.

However, analysts have not tempted to write-up their full year projections by very much in spite of the interim turnout. One reason for the good interim rise in profits is an internal cost cutting exercise which is unlikely to be repeated in the current half. Full year forecasts are now in the region of £38m to £40m against £32.6m.

The broking fraternity will be attending a conference with Sainsbury next week. Possibly analysts will rework their estimates in light of this get-together. Sainsbury's share price movements towards the end of the week could give some indication of the latest thinking in the City.

### Still in gear

Lucas Industries also caught the market on the wrong foot and, although down by £2.4m, profits for the year to end-July were well ahead of most analysts' forecasts at £70.74m. Second half profits were almost double the level of the first six months and the components

**LONDON**

**ONLOOKER**

manufacturer clearly recovered swiftly from the Ford strike and the transport dispute.

Exports, encouragingly, climbed by a quarter to £191m while indirect exports reached £205m, despite the strength of sterling which peaked around the financial year end. The subsequent currency decline was supported by continued export growth, but Lucas now has to cope with the effects of the engineering dispute and companies reporting during the week to a September year end confirmed fears that the effects of the disruption have been very severe.

Nevertheless, Lucas has an interesting long term future as the £30m deal signed last month to supply General Motors with micro fuel injectors for diesel power cars illustrate. Analysts find it significant that Lucas had the expertise to beat off strong competition for this contract and believe that, due to its size, international spread and technical "edge," Lucas will be well placed to win substantial orders for the "world car."

The aircraft division, however, is still disappointing. Despite a very strong order book, the trading surplus here slumped from £3.51m to £1.65m on a turnover of £119.08m. If rationalisation can lift aircraft profits out of this trough, the impact of any further decline in the uncertain UK car market would begin to fade.

### Defying gravity

How relieved the brewers must have been to see the back of the Prime Commission after the election. Whitbread estimates that the Commission's intervention in delaying a price increase from March until June clipped interim profits by some £5m. Still, the brewer managed a near 14 per cent pre-tax improvement to £36.3m, despite the £1.5m cost of industrial disruption at the Luton plant.

No further price increases are likely to be posted until the New Year and the second half outlook suggests that they will not be necessary. Led by Trophy bitter and the regional brews and supported by an expanding presence in the take-home trade for canned beer, volume growth has exceeded the national average.

The Rawlings mixers and R. White's lemonade brands have also contributed usefully while wine and spirits have substantially increased sales. Annual forecasts are now settling on something like £62m pre-tax against £54m. Whether the competition can maintain the same pace remains to be seen.

**BEST AND WORST PERFORMING SECTORS IN 4 WEEKS FROM OCTOBER 11**

| | % change |
|---|---|
| Oils | — 0.7 |
| Mining Finance | — 4.3 |
| Miscellaneous (Financial) | —10.5 |
| Metals and Metal Forming | —11.5 |
| Packaging and Paper | —11.6 |
| Chemicals | —11.7 |
| All-Share Index | —12.5 |
| Pharmaceutical Products | —16.6 |
| Investment Trusts | —17.3 |
| Toys and Games | —17.8 |
| Hire Purchase | —18.5 |
| Property | —19.3 |
| Lt. Electronics, Radio, TV | —20.3 |

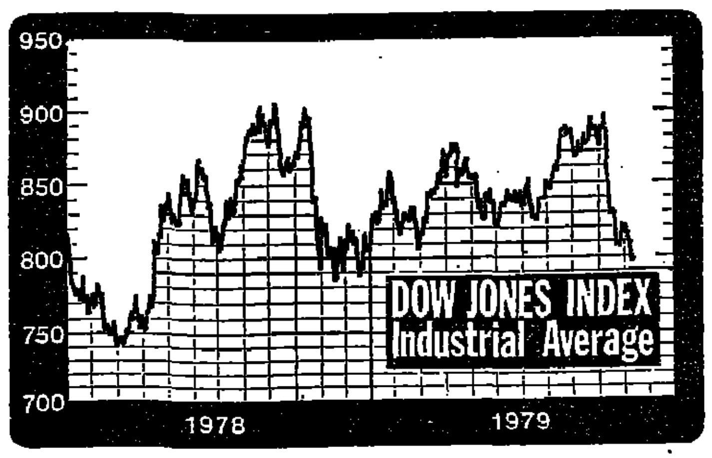
### Unleaven bread

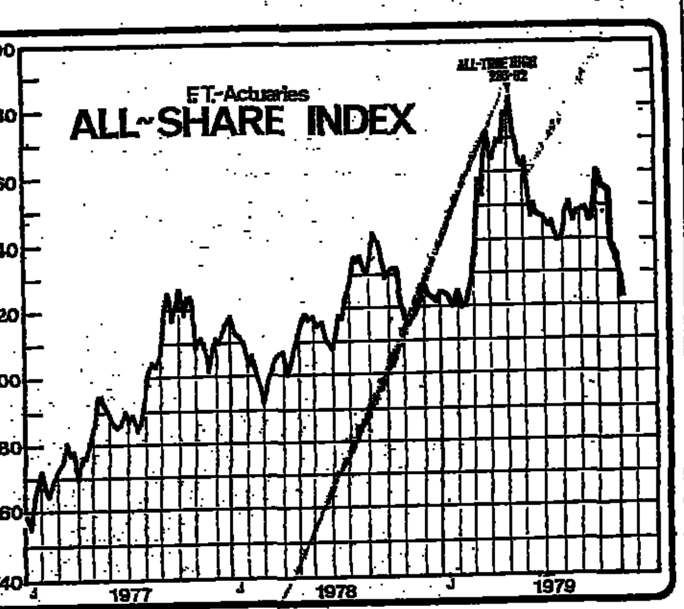
Associated British Foods had been on a plateau for two years but a recovery in South Africa and a £3.4m upturn in the UK retailing division was enough to offset a falling milling contribution and leave interim profits 17.5 per cent ahead at £39.6m.

The baking interests have been helped by a price increase but milling is still weak. With about a third of the market, ABF obviously suffers as the level of bread consumption continues its inexorable decline but the second half should still benefit by the elimination of £5m strike losses incurred in the corresponding period of 1978.

The forthcoming round of wage negotiations will be critical but, if ABF can maintain industrial peace, profits for the full year are expected to hit £95m pre-tax against £78.9m. The size of the pay award will naturally dictate the next bread price increase. But ABF is in a position to lead the way on pricing policy and may decide not to pass on higher costs in full.

Thorn has agreed merger terms with EMI—a good deal more generous than its original bid, and rather too generous for the market, which has marked Thorn shares down to 326p from a level of 410p before the bid was first made public. EMI shareholders are now being offered 28 Thorn shares and £58 of convertible stock for each 100 EMI shares.




The following table lists the changes in the FT 30-share index and its constituents over the six months since the all time high was attained on May 4, the day after the General Election. The FT Government Securities index is also shown.

| | Price y'day | % Change May 4 | 1979 High | 1979 Low |
|---|---|---|---|---|
| Ind. Ord. Index | 420.9 | —24.7 | 558.6 | 412.2 |
| Allied Brew. | 85 | —16.7 | 102 | 80 |
| BOC Intl. | 57½ | —29.0 | 81½ | 56 |
| Beecham | 127 | —29.8 | 18.9 | 122 |
| Blue Circle | 228 | —33.3 | 356 | 226 |
| Boots | 157 | —33.2 | 238 | 154 |
| Bowater | 157 | —24.9 | 209 | 151 |
| BP | 364 | +18.4 | 406 | 220¼ |
| Brown (J.) | 61 | —50.0 | 123 | 59 |
| Cadbury Sch. | 52½ | —23.9 | 69 | 51 |
| Courtaulds | 82 | —29.3 | 122 | 79 |
| Distillers | 216 | —13.3 | 259 | 198 |
| Dunlop | 47 | —41.3 | 80 | 46 |
| EMI | 140 | +22.8 | 147 | 81 |
| GEC | 319 | —29.1 | 456 | 311 |
| Glaxo | 400 | —22.3 | 600 | 390 |
| Grand. Met. | 129 | —27.3 | 178½ | 110½ |
| GKN | 243 | —21.1 | 308 | 226 |
| Hawker Sid. | 154 | —42.1 | 278 | 150 |
| ICI | 330 | —20.3 | 415 | 314 |
| Imperial Gp. | 80½ | —24.8 | 108 | 78 |
| Lon. Brick | 60 | —16.7 | 79 | 59 |
| Lucas Inds. | 207 | —33.2 | 310 | 195 |
| Marks & Sp. | 87 | —33.1 | 134 | 83 |
| P. & O. Dfd. | 104 | +20.9 | 119 | 71 |
| Plessey | 111 | + 3.7 | 131 | 101 |
| Tate & Lyle | 142 | — 9.0 | 188 | 127 |
| Tube Invs. | 276 | —36.7 | 436 | 272 |
| Turner & N. | 111 | —33.1 | 176 | 108 |
| UDS | 78 | —33.3 | 120 | 76 |
| Vickers | 118 | —43.8 | 210 | 107 |
| Govt. Secs. Index | 65.48 | —13.7 | 75.91 | 64.64 |

## Eastern thunder

TELEVISION CREWS were combing midtown New York this week to satisfy their apparently bottomless appetite for public reactions to the Iranian crisis.

"What do you think about the Iranian situation," the microphone waver demanded of a stumpy young man wearing a baseball jacket. "I'd say it's time we showed some backbone out there," he said, and turned from the microphone through the small crowd of approving spectators.

With the Shah under treatment for cancer in a New York hospital the country links with

**NEW YORK**

**IAN HARGREAVES**

the pre-revolutionary regime in Iran have been given new symbolic strength. The seizure of the U.S. Embassy is starting to provoke anger and frustration among Americans.

Wall Street, capable of bolting at a whisper, has responded predictably to this thunderclap. In the first three days of the week the Dow Jones index lost over 20 points and by the close on Wednesday was at its lowest closing level for the year and below the 800 mark. This blue chip index has now shed almost 100 points since the beginning of October.

Because of the curious score board psychology of markets, the crossing of the 800 threshold on 30 industrial shares monitored by Dow Jones is considered a matter of some significance by experts who are eagerly divided as to how the New York Stock Exchange and its smaller brethren will deal with this blow to morale.

Many analysts have publicly staked their reputation on the view that this particular benchmark is the one at which the market will start to recover. Others have gone for 780, others for 760.

At any rate yesterday was the right day for the market to attempt a rally above the 800 mark and encouraged by a further indication on Thursday evening that the rate of growth in money supply may be easing, the rally duly took place. By noon most of the gains had been held with the index up 7—at 804.61.

Another factor interpreted by some as encouragement was the fact that Citibank lifted its prime lending rate yesterday only to 15¼ per cent rather than the 16 per cent expected.

The interesting thing about this last argument—and it is interesting only as an argument rather than a convincing explanation of what happened in the market—is that it suggests the market ought to be glad that Citibank responded to political rather than market pressure in making its judgment about interest rates.

Last week Mr. Alfred Kahn, the President's chief inflation adviser, said bluntly that he saw no sign of inflation going back to single digits and that the cost of money—along with oil, were the two objects of blame.

**CLOSING PRICES**

| | Close | Changes |
|---|---|---|
| Monday | 812.63 | —6.31 |
| Tuesday | 806.48 | —6.15 |
| Wednesday | 796.67 | —9.81 |
| Thursday | 797.61 | +0.94 |

# FINANCE AND THE FAMILY

## Jointly owned house and CGT

BY OUR LEGAL STAFF

**Because I suppose of my lack of means, a building society would not give me a mortgage to buy my house unless my father, who does not live in it, appeared on the deeds as joint owner. Does this mean that if I were to sell the house at some time or other, he would be liable to capital gains tax?**

In cases of your sort, the Inland Revenue looks for the beneficial interest. If your father is part legal owner of the house but has no beneficial interest in it, any gain in its sale would not appear to attract capital gains tax, so far as he was concerned.

### Unpaid rent of a boat store

**The owner of several boats in a boat store I own has ignored my demands for rent. Am I legally entitled to sell boat to recover my rent, returning him any extra money?**

No, you must first serve notice requiring the tenant to remove the boats. If your letting is by a written or oral lease you may be able to distrain on the boats, but this is a complex area of the law in which it is unwise to move without professional advice.

### A corrective account

**My father-in-law died last year and I obtained letters of administration. I valued his trade premises, which are let, at £5,600, but it now appears that the tenant wishes to buy and will pay around £10,000. This means a large sum in capital gains tax. Is there anything I now can do?**

You can file a corrective Inland Revenue Account arising out of the more accurate determination of the value of the premises arising out of negotiations in the market.

### Separation and roll-over

**I helped my husband in a business for 25 years. It is now being sold and a liability to to £9,000 of capital gains tax arises, which will be allowed to "roll-over" in view of his buying another business. Meantime my husband has left me. What please is my position in this connection?**

We think that the court would take into account your contribution to the business which was sold and would require the benefit of the roll-over relief to be shared. However it is by no means certain that this would be done: much depends on the full financial circumstances of both parties.

### Reclaim of VAT Input tax

**Our community college has been operating a licensed bar for some time and it seems likely we shall have to register for VAT. It therefore seems to us that we should try to reduce our stocks to as low as possible when we seek registration, as this will clearly upset our operations. We are wondering if there is any way of ensuring we do not pay output tax on goods for which we cannot claim input tax. Or have we got it wrong?**

The problem you are concerned with has been dealt with by the VAT regulations. When an organisation is newly registered for VAT, the Customs and Excise automatically supply a Form VAT 421 which asks for information regarding stocks on hand at the date of registration. Providing this form is completed to the satisfaction of the Customs and Excise, any VAT chargeable on such stocks will be recoverable. You might care to obtain the form from your local VAT Office in advance of registration, so that you will be able to see the conditions necessary to reclaim the input tax.

### Destroyed share certificates

**I inherited some shares from my uncle who died intestate 2 years ago, the certificates for which were lost in an air raid during the last war. I have written to the company secretary more than once, but have received no reply. What do you advise, please?**

Technically your remedy is to make application to the Companies Court for an order directing the company to enter the administrator of your uncle's estate on the register of shareholders. However, it may be that a less costly course would produce a result, e.g. if you instruct a solicitor to take up the matter with the company.

### Overcharging a second charge

**Could you please tell me the meaning of the words "overreach a second charge" in the following, dealing with unregistered land purchase? "You are aware that our client's bankers sell as mortgagees under the power of sale contained in a legal charge dated .... The charge in question ... will overreach a second charge."**

The phrase means that the security for the charge is taken away (on the sale) and there is substituted the right to be paid out of the proceeds of sale after the payment thereout of any prior incumbrances. Thus the purchaser of the land from a mortgagee is not concerned with the fact that there may be other charges which rank after the mortgages who is selling.

### Establishing a boundary

**My neighbour has trespassed onto my land (back garden rear) to the extent of 14 inches encroachment by 21 feet long with the erection of a garage. He previously removed the then physical boundary and the post (to which my garden gate hung). My Deeds do not show any measurements at all. Which course of action may I now take in order to establish the boundary line? I have been the freeholder of my property for the past ten years having enjoyed the said physical boundary for this period as had the previous owner for the thirty five years of his occupation.**

If you can establish by clear evidence where the boundary line ran before your neighbour interefered with it, and that the boundary was in that position for at least 12 years before then, you can establish your right by an action for a declaration in the County Court, with or without a claim for damages for trespass or for an injunction to remove the encroachment. However it is not always easy to obtain sufficiently precise evidence when dealing with a measurement as small as 14 inches. You would be wise to consult a solicitor.

## When the doctor is a bogeyman

INSURANCE
JOHN PHILIP

MANY PEOPLE, particularly in the over-50 group, are nervous enough about seeing their own GP. But when it comes to an examination by a strange doctor, nervousness sometimes turns to panic.

They prefer to stay ignorant of anything that might be wrong with them—knowledge often causes more problems than the complaint itself.

Such attitudes can cause difficulties when it comes to taking out life assurance, since a life company may demand a medical examination by a doctor of its own choosing.

The life company actuary calculating his premium rates must consider three factors—interest on investments, expenses and mortality rates. Under the last element, the actuary, using tables based on past mortality statistics, calculates his premium rates and what he regards as a standard life. This is a somewhat abstract concept aimed at predicting which persons have a normal expectation of life.

When the life company receives a proposal for a contract, the task of the underwriter is to ascertain that the proposed comes within the category of a standard life. For young "lives" (people under 50) and low death covers, this decision is taken on the answers to the questions in the proposal form.

For young lives, the mortality element makes very little difference to the premium rates and any extra risk involved is usually outweighed by the cost of getting the medical evidence and the extra administration.

Life companies, under an agreement with the British Medical Association, pay doctors £12.75 for a medical examination and £8 for a report on the proposer's past medical history from his own doctor. This must be paid by the life company, even if the contract is not proceeded with.

So life companies are prepared to accept younger people at normal premium rates without medical evidence up to high sums. Sun Life's limit for young "lives" are £100,000. But the life company always reserves the right to seek medical evidence should it be considered necessary.

The older the proposer, the more important becomes the mortality element and the non-medical limits come down dramatically. It is more likely that an elderly proposer will be asked to undergo a medical.

It is among the elderly that a fear of a medical examination is most strong. Many over-50s will not seek life assurance for the sole reason that they might have to be medically examined.

To such people, the launch of a life assurance plan under which acceptance was automatic must have been a dream come true. They needed some form of life assurance, and it overcame their aversion to a medical examination.

Lloyd's Life launched its Seniorplan in February, 1977, with tremendous success. This week Charterhouse Magna launched a similar scheme with its Long Life. Lloyd's markets soley through brokers. Charterhouse by direct sales. Lloyd's Life has received letters from policyholders thanking them for the opportunity to have life cover with no examination.

But persons interested in such contracts should assess the costs. Both these plans are whole life non-profit with the sum assured, which is fixed in money terms payable on death. The actuary has made very conservative estimates of mortality rates, since he is venturing into the unknown.

Charterhouse's actuary has taken the latest table of life assurance mortality and assumed that the mortality of men for this plan will be that of a man seven years older. He has allowed only a two year age reduction in rates for women instead of the usual four years.

To cover himself against dying clients, he has limited the death cover in the first two years to a return of premiums with interest at 10 per cent, unless the death is accidental.

The cost of these assumptions is shown in the table. This compares the sum assured obtained on a whole life policy from City of Westminster Assurance, a company among the leaders in this type of contract, with that on Long Life. The maximum sum assured available at present, is £2,000, though Charterhouse hopes to increase this limit sometime in the future. City of Westminster would not normally seek medical evidence for this level of cover.

A man could get two-thirds more cover for the same premium, a woman nearly double. Prospective policyholders should ask whether it was worth it just to avoid a medical.

Experience in the U.S. and Holland, where no-medical contracts are not uncommon, supports the stance taken by the actuary. Initially, when these contracts first appeared, the proportionate number of death claims was heavy. But these dropped off as more persons accepted the contract, and the premium rates came back towards normal.

## Roman ways

COINS
JAMES MACKAY

NOW THAT intense activity in the field of precious metals is driving antique gold and even silver coins beyond the reach of most collectors, more attention is focused on base metal coinage.

The extraordinary reluctance of Britain to issue subsidiary coins in copper or bronze until this was forced on them by the Napoleonic Wars means that British coinage offers relatively little scope in this medium.

Other countries, in other times, however, have had no such restraint and there is immense scope for the collector looking for coins at reasonable prices.

Classical coins, so long the closed preserve of the scholar, are particularly well-suited to a re-appraisal. The market in Roman bronze coins, for example, has been steady if unspectacular. The barrier of indifference to these admirable coins has been breached recently, first by the television presentation of *I Claudius* and subsequently by Robert Erskine's numismatic programmes. Both have brought to life the astonishing array of personalities portrayed on Imperial coins.

It was Augustus Caesar himself who introduced the concept of portraying a living person on Roman coins but for many years this was confined to the gold and silver issues. Augustus used these coins not only to publicise himself and his imperial virtues but to promote the images of his family.

In this manner coins were employed to further the idea of a hereditary system. In the period shortly before the birth of Christ the minting of coins was conducted at Lugdunum (Lyons) and the Roman mint was closed down. In the reign of Tiberius (14-37 AD) there was a revival of the Roman mint, solely for the production of bronze coins.

The resumption of bronze coinage at Rome about 22 AD coincided with the introduction of much more interesting and varied designs. While Tiberius used gold and silver coins to portray his deified Stepfather Augustus, his dreadful mother Livia, his ill-fated son Drusus and even his grandchildren Gemellus and Germanicus, the bronze coins were confined to allegorical motifs such as piety, clemency, moderation and justice.

When Tiberius died in 37 AD he was succeeded by his great-grandson, Caligula, son of Germanicus who had been murdered 18 years previously. Caligula grew up in an atmosphere of palace intrigue and assassination which gradually eliminated other contenders to the imperial throne.

The most vicious of the emperors, Caligula was corrupted by the Greek and Eastern princes who resided at the imperial court (as hostages for the good behaviour of their peoples).

He had a mental weakness which supreme power merely accentuated. During his brief and unhappy reign of three years his coins featured the deified Augustus and also his immediate predecessor Tiberius whom he attempted to have deified.

There was a tentative move some years ago to rehabilitate Caligula and discount history's version of his life and times as senatorial propaganda, but it had to be admitted that his only positive contribution was to extend imperial portraiture to the bronze coins.

This was part of a campaign, doubtless inspired by his Greek cronies, to secure divine honours for him. By making himself more familiar to the great bulk of the populace the cult of imperial divinity could be advanced, and what better way of achieving this than to put his profile on the humblest coins?

Aesthetically, the coinage of Caligula bore signs of technical and artistic improvement. Portraiture was handled with a greater degree of sensitivity and more imaginative use was made of group composition. A fine example of this is the bronze sestertius, with the seated figure of piety on the obverse and a reverse showing Caligula performing a sacrifice in front of a hexastyle temple.

It is one of the 70 lots of Roman bronze coins in Sotheby's sale next Wednesday and is worth around £150 to £170. This is near the upper limit of about £200 which the finest and rarest of Roman bronze coins fetch these days, but in what other medium would one find an object of art 2,000 years old at that price?

An argument frequently put about by the prejudiced and ignorant is that Roman coins are difficult to understand because of their Latin inscriptions. In this they are no more obscure than, say, modern British coins which also have Latin inscriptions, and are usually more readily deciphered than the coins of our Hanoverian rulers whose lengthy titles were reduced to a string of initials.

On the sestertius of Caligula, his name is rendered as G (for Gaius) Caesar—Caligula (bootee) being merely a nickname. After reference to his kinship with the divine Augustus come PM (Pontifex Maximus—chief priest) and TRP (Tribunicia Potestas), the tribunician power assigned to the emperor originally as a democratic safeguard against the Senate but used by Augustus and his successors as an effective means of wielding absolute power with some semblance of constitutional authority.

The reverse bears the large letters SC (Senatus Consulto—with the advice of the Senate) which paid lip service to the nominal authority of this democratic institution, but significantly, this is surrounded by the cryptic DIVO AVG indicating a sacrifice to the deified Augustus—perhaps symbolising the triumph of imperial rule over the people.

هكذا من الأصل

# THE ESSENTIAL SERVICE FOR INVESTORS WITH OVER £24,999

VIP

**The Vanbrugh Investment Portfolio**

Over the past decade the private investor has seen the attractions of 'a good Blue Chip portfolio' undermined by inflation and a series of economic crises. Since 1968 shares as a whole have failed to make any advance in price, let alone achieve *real growth*. Moreover the stock market has been alarmingly volatile, at its worst in 1973/74 when prices fell by over 70%.

Investors seeking comfort in the 'safe haven' of a building society account have of late enjoyed relatively high rates of interest and nominal capital security but all the time inflation has quietly stripped their capital and the income it produces of its original purchasing power. Since 1st January 1970 the value of £10,000 invested in a building society has been reduced to less than £5,600 in *real terms*, even allowing for the reinvestment of interest after basic rate tax.

Never before has the private investor stood in greater need of the highest level of professional management. This is particularly true for those with substantial capital funds who need to invest strategically for the 1980's so as to give their money the maximum possible long-term protection against volatile markets and severe inflation, while organising their affairs in such a way as to minimise their liability to taxation.

*The Vanbrugh Investment Portfolio has been specifically devised for such investors.*

This service (VIP for short) allows investors with £25,000 or more to benefit from all the investment resources and expertise of the Prudential Group, while enjoying exceptionally close contact with the people managing their money.

*Mr. Peter Moody, Joint Chief Investment Manager of the Prudential, speaking on 'The Private Investor in the 80's'.*

**Facing the 1980's with confidence**

The underlying problems of the 1970's, especially the inter-related menaces of high inflation, oil crises and world economic recession, show no sign of disappearing. What is essential today is that any investor re-appraising his portfolio should adopt a thoroughly realistic attitude to the future. *To be successful in the 80's, it will be necessary to have learnt the lessons of the 70's.*

**Combating inflation.** Longer term investments must be linked to real assets. Property is especially valuable as the one investment sector where assets can achieve real capital growth without being subject to the persistent volatility which affects equities.

**Reducing risk.** The individual must spread his investments over a much wider field than in the past, taking advantage of the Equity Market when conditions are favourable, Property for stability and Gilts at times of high interest rates like today. Very few private investors have the time or the ability to manage such a spread of investment. Professional help is therefore imperative.

**Maintaining flexibility.** It is vital to be able to respond to rapidly changing investment conditions, so that one's capital is never 'locked in' to a sector where prospects look poor – or into the UK alone, when overseas markets are more attractive.

**Minimising taxation.** Investments must be organised in such a way as to escape the most devastating effects of high taxation and to take full advantage of all available reliefs.

**Good communications**

VIP offers the larger investor first-class investment management through a range of tax-efficient funds coupled with a level of personal service which would simply not be practical at an initial investment level of less than £25,000. So that he knows exactly what is happening to his money and why, the VIP investor receives:

**Quarterly Investment Bulletins...** analysing economic events in the UK and overseas... providing the Investment Managers' interpretation of economic and other factors as they affect each sector of the investment market... detailing decisions in respect of all Vanbrugh investment funds... quoting fund performance figures, including comparisons with relevant indices.

**Annual Fund Reports...** reviewing the progress of each fund.

*Our special post-Budget Financial Bulletin was released to VIP investors within 48 hours.*

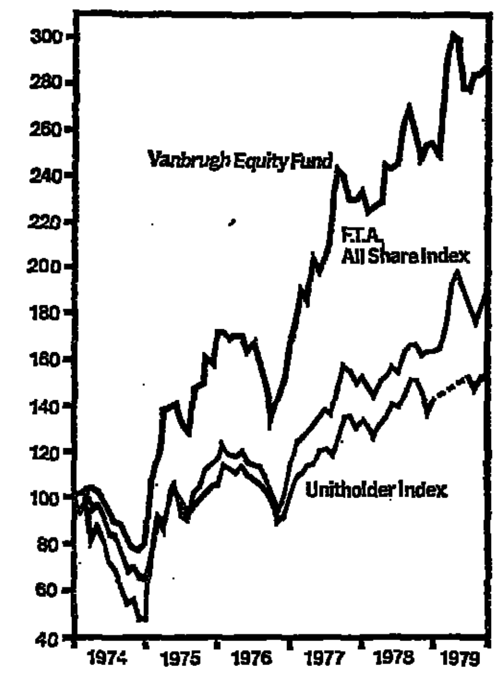
**Financial Bulletins...** explaining how fiscal and legislative developments may influence individual investment portfolios and suggesting new opportunities or prescribing appropriate counter-measures.

**Statements and Valuations...** Statements are issued after each transaction – and valuations on request. Also a detailed annual valuation sets out all the transactions that have taken place during the year.

**Invitations to Investment Conferences...** To provide VIP investors with a chance to meet the Investment Directors and Fund Managers responsible for their investments, they are invited every year to a VIP Investment Conference. In 1979 this was held at the Savoy and investors took full advantage of the opportunity to hear the Investment Directors' view of economic circumstances and prospects and *also to discuss their own portfolios with the fund management teams.*

**Totally professional management**

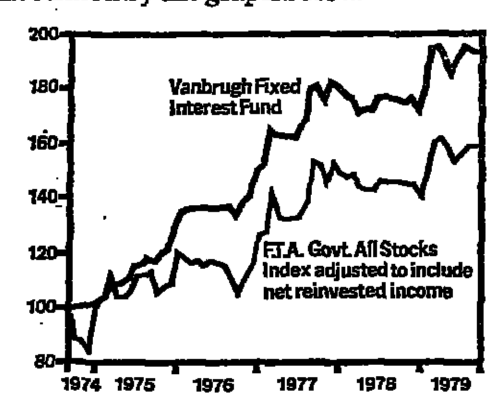
Vanbrugh is a member of the Prudential Group and all six Vanbrugh Investment Funds benefit from the vast expertise of the Prudential's Investment Departments. **The Equity Fund** benefits directly from all the resources of a company that holds over 3% of the entire UK equity market and employs over 60 equity specialists. The value of this wealth of expertise is illustrated by the graph below which compares the outstanding performance of the Fund since its inception with the relevant FT index (adjusted to allow for net reinvested income and Capital Gains Tax) and the Unitholder Index (which reflects the average performance of all unit trusts).




**The Property Fund**, valued at over £65m, enjoys the experience of over 100 years of property investment by the Prudential, the country's largest commercial property owners. Since its inception in January 1974, an investment in the Fund has appreciated by 78.4% as at 30th September 1979, compared with an average of 37% for similar funds measured by the Money Management weighted Property Bond Index.

**The Fixed Interest Fund** offers investors an actively managed portfolio of fixed interest securities covering the complete range of the gilt-edged and money markets, managed by the Prudential's highly experienced fixed interest department.

The performance of the Fund between its inception on 23rd September 1974 and 30th September 1979, against its relevant index, is illustrated by the graph below.




To complete the range of investment funds available to VIP investors: **The International Fund** provides investors with the opportunity to diversify their assets overseas (now particularly attractive following the recent abolition of exchange control regulations) through a portfolio of securities invested throughout the world.

**The Cash Fund** offers a totally secure haven during times when all other sectors look unattractive and includes a guarantee that investments held in the Fund will not fall in value.

Investors may retain strategic control of their capital by spreading their portfolio between the funds and switching from fund to fund on particularly attractive terms.

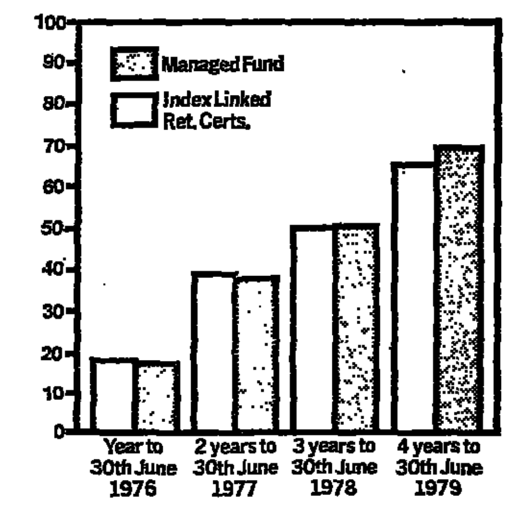
Alternatively, investors may place total responsibility for the investment of their portfolio in the hands of the Prudential through investing in the **Managed Fund.**

**A totally balanced portfolio**

We defined a realistic investment policy for the 1980's as one that has safeguards against inflation, is devised to escape excessive volatility and is capable of responding flexibly to changing investment opportunities and hazards.

*The Vanbrugh Managed Fund scores very positively on all these counts.*

Against the only investment medium available to investors which is guaranteed to match inflation – Index Linked Savings Certificates – the Managed Fund has to date performed most creditably. The table below compares the year by year growth of an investment in Index Linked Retirement Certificates with the Managed Fund since the Certificates were first issued in June 1975.




Investments in the Managed Fund are spread between all the specialist funds and the Vanbrugh Investment Managers assume full responsibility for deciding on the best distribution of assets to match changing investment conditions.

The value of *this active* approach to investment management is illustrated in the table below which compares the growth record of the Fund with a static holding in each of the most popular investment sectors, i.e. equities, gilts and building societies, between inception of the Fund in January 1974 and 30th September 1979.

| | | |
|---|---|---|
| EQUITIES | FT Ind. Ord. Index | +61.1% |
| | FTA All Share Index (adjusted to allow for net reinvested income and CGT) | +89.5% |
| GILTS | FTA Govt. All Stocks Index (adjusted to include net reinvested income) | +38.1% |
| BUILDING SOCIETY | Including net reinvested interest* | +48.9% |
| VANBRUGH MANAGED FUND | | +92.9% |

*B.S.A. recommended rate for paid-up share accounts.

Whilst naturally the future performance of all the funds will depend on investment conditions generally, the Managed Fund, with its emphasis on investments linked to real assets, can be expected to provide investors with a measure of protection against inflation in the medium to long-term.

**Exchanging Equities and Gilts for a VIP investment**

Vanbrugh offer highly attractive exchange schemes to investors wishing to convert a portfolio of quoted UK and overseas securities and gilt-edged stocks into the Vanbrugh Investment Portfolio.

Please send this coupon for more information.

**TO: Vanbrugh Life Assurance Ltd. 41/43 Maddox Street, London W1R 9LA. Telephone: 01-499 4923.**

Please tell me more about the Vanbrugh Investment Portfolio.

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A MEMBER OF THE PRUDENTIAL GROUP

# YOUR SAVINGS AND INVESTMENTS 1

**Tim Dickson** discusses the switch in sentiment which could push MLR to a record high

## *Facing the chill wind*

IF in a fit of "midsummer madness" about the middle of July you based your investment strategy on the assumption that interest rates would fall before the end of the year, you are likely to be feeling disappointed this weekend.

But you would not be alone. Teams of stockbrokers and fund managers were predicting that the decision announced at the time of the budget to lift Minimum Lending Rate (MLR) from 12 to 14 per cent was simply a short term expedient by the authorities. The effect, or so many analysts argued at the time, would be to damp down credit demand until the Government's other monetary measures started to bite.

Today, roughly four months later, the outlook is vastly different. The announcement on Tuesday that both the eligible liabilities of the banking system (roughly speaking deposits) and sterling lending by the UK clearing banks over the past month had increased far more sharply than expected has provided perhaps the final twist to what has been a story of expectations reversed.

The news, which suggests firstly that the money supply is growing faster than the target rate and that credit demand, an important factor in the money supply, is still strong, was bad for investors. Given the Government's commitment to combat inflation, the market says, both indicators lead inevitably to the same conclusion: a further dose of the medicine administered in the budget, namely another rise in MLR and therefore interest rates generally.

In grim anticipation the upward pressure on short term money market rates intensified —three-month inter-bank rate on Thursday evening was 15.5 — while gilts fell sharply and equities faltered.

The authorities are sitting tight. While Mrs. Thatcher was forced to admit in Parliament that there is now little hope of averting the January mortgage rate increase (something the Government would love to avoid), she would not be drawn on the movements of MLR.

Officially one month's figures are not necessarily a reliable clue to trends and more evidence is needed before a decision is made. The Government may be justified in holding on, but there is no denying that in the markets the cautious optimism earlier in the year has given way to almost universal gloom. What has happened in the meantime?

Broadly speaking there are two main reasons why expectations have changed. First there is monetary policy. It was hoped in July that UK monetary growth (which is seen by the Government as a significant cause of inflation) could quickly be contained within the new target range set in June of 7 to 11 per cent.

The money supply figures for July, August and September were, in fact, encouraging largely as a result of the Government's large sales at the time of public debt.

Optimists believed that the authorities might take heart and use the opportunity to cut MLR. At the same time, however, lending by the clearing banks was showing no signs of abating and as a result no move was made.

Until quite recently most City observers still felt there was a good chance of rates at least starting to come down before Christmas. The three inset graphs within the main accompanying chart show most vividly, however, the shift in thinking which has now taken place. On July 4 the yield curve showing the returns on money market instruments up to one year was pointing sharply downwards.

On September 25 this optimism had become more distant on the horizon while this week the conviction is that MLR will move up before coming down at some stage well into next year.

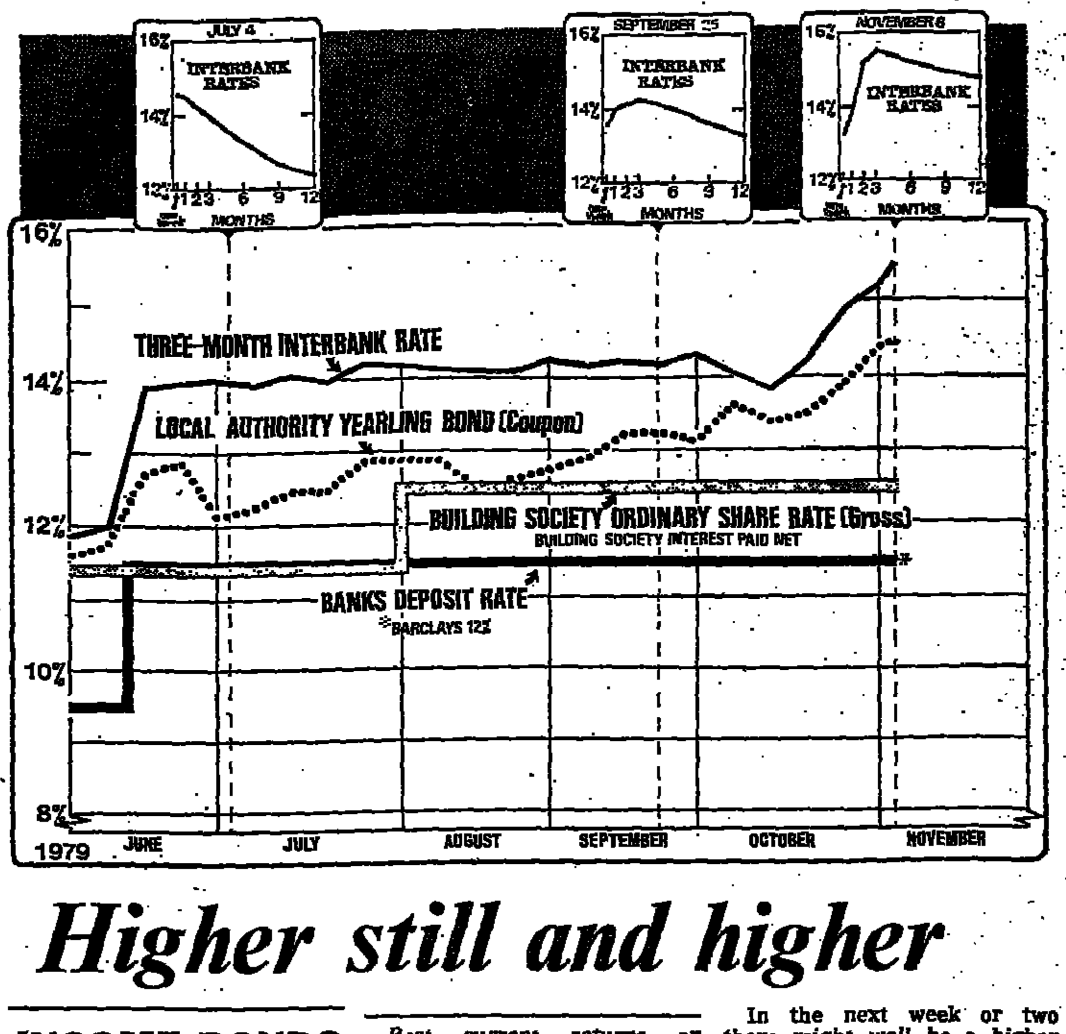
The increase in the banking system's eligible liabilities announced on Tuesday was the first guide to the official money supply figures which will be published next week. This and the rise in bank lending (implying that private sector demand for credit still causes strong concern) were the signals which spread the immediate gloom.

The other major factor responsible for the change since July is the higher level of world interest rates generally. The new trend was sparked off at the beginning of October by the U.S. Federal Reserve Board's decision to increase its discount rate (the nearest equivalent to our MLR) to 12 per cent.

This had the effect of pushing up rates elsewhere, notably in Germany and France, and opening up the possibility of large outflows of money from the UK if MLR was reduced.

The problem grew as a result of abolition of exchange controls.

The main part of the chart shows how market rates have recently moved sharply upwards, putting pressure on those interest rates like the building society ordinary share rate and bank deposit rate which are both fixed.




## *Annuities: The best is yet to come*

ANYBODY nearing retirement should keep a close eye on the movement of interest rates.

Annuity rates are showing sharp increases in response to the rising level of interest rates generally. An annuity which is a predetermined set of annual payments, usually for the rest of a person's life, enables an investor to convert capital into income, and the rates are therefore very much linked to medium-term interest rates.

Although annuity rates are not immediately connected with the movements in short-term market, the firming of medium-term interest levels has caused many life company actuaries to do their sums again. There have been several notifications of higher annuity rates this week and the accompanying table shows the latest position.

If you are thinking of buying an annuity now, the best advice may well be to wait. Essentially the market expects interest rates to rise and competition between life companies will ensure that annuity rates will also rise. There is usually a time lag between the two developments, with actuaries tending to wait and ensure that the rises are not just of short duration.

If you need income in a hurry then you may be advised to invest the minimum now and the rest later. Life companies usually hold annuity quotations for at least a week and sometimes for as long as two weeks.

This waiting applies particularly to self-employed people about to retire. With the "open market option" available, they can take the cash value of their contract and buy the annuity from any company on the market. If they wait they could get a higher pension, because of higher cash value and higher annuity rates.

**ERIC SHORT**

ANNUITY FOR AN INVESTMENT OF £10,000

| Man aged 65 Company | Annuity £ | Woman aged 60 Company | Annuity £ |
|---|---|---|---|
| Lif Ass. of Scot. | 1,712 | Life Ass. of Scot. | 1,480 |
| RNPFN* | 1,712 | Sun Alliance | 1,448 |
| Scottish Equitable | 1,682 | RNPFN* | 1,446 |
| Sentinel | 1,675 | Scottish Equitable | 1,442 |
| Royal | 1,674 | Sentinel | 1,442 |
| Scottish Provident | 1,666 | Norwich Union | 1,437 |
| Scottish Life | 1,664 | Royal | 1,427 |
| English Assurance | 1,662 | Scottish Provident | 1,425 |
| Irish Life | 1,662 | Irish Life | 1,424 |
| Norwich Union | 1,659 | Friends Provident | 1,417 |

The friendly Society Time Assurance has higher annuity rates but investment is limited to £1,500.
* Not available to the general public.
*Figures supplied by Planned Savings.*

## *Higher still and higher*

### INCOME BONDS
ERIC SHORT

THE guaranteed income bonds marketed by some life companies reflects most clearly the current short-term interest rate pattern. The highest returns are offered by one year bonds.

Investors can now get 14 per cent net of basic rate tax over one year from Property Equity and Life Assurance.

But the investor probably should wait. Once he has bought a bond he cannot get out except by paying a penalty. Surrender terms are based on current market conditions. If interest rates rise, prices fall and so does the cash-in value.

Life companies seem wary of launching new bonds at present. It is not good marketing strategy to launch a bond one week if your competitor can offer a higher return by launching next week.

Investors interested in guaranteed income bonds, however, still have a difficult choice to make. Should they buy a one-year bond for the highest yield and hope to get as good a return next year when the time comes to reinvest? Or do they invest in a longer term bond for a lower immediate yield, but guaranteed over a long period?

Best current returns on guaranteed income bonds, net of basic rate tax.

| | Yield % |
|---|---|
| **One year bonds** | |
| Prop. Equity & Life | 14.0 |
| Liberty Life | 13.6 |
| Merchant Investors | 13.0 |
| **Two year bonds** | |
| Liberty Life | 12.6 |
| Merchant Investors | 12.5 |
| Skandia Life | 12.5 |
| **Three year bonds** | |
| Liberty Life | 12.1 |
| **Four year bonds** | |
| Liberty Life | 12.1 |
| Abbey Life | 12.0 |
| Albany Life | 12.0 |
| Skandia Life | 12.0 |
| Trident Life | 12.0 |
| Hill Samuel Life | 11.5 |
| Providence Capitol | 11.5 |
| Target Life | 11.5 |
| **Five year bonds** | |
| Crown Life | 11.5 |
| Charterhouse Magna | 10.0 |
| Lloyd's Life | 10.0 |
| Nat. Mutual Life | 10.0 |

*Source: Planned Savings.*

The problem is complicated by the uncertainty over whether the next Budget will clamp down on these bonds. We have recently shown how the high return on these guaranteed income bonds comes mainly from the tax relief given to life assurance regular premiums.

In the next week or two there might well be a higher bond yield than is available at present as life companies react to the short-term market. In general, however, the investor is probably most likely to profit by waiting and going for the short-term bonds. The table shows the range of choice available.

The strong demand for mortgages makes the Trustee Savings Banks' entry into the home loans field this week particularly timely. The amounts involved are small by building society standards—because the TSB group is moving cautiously towards providing a full banking service, only £166m (or 3 per cent of the TSB's total assets) is being earmarked for mortgages in the first year. Applications have already begun in the South East and will soon be available around the country.

Many features of a TSB loan, which will be limited to £30,000 will be similar to a building society advance, but it will be more expensive. The new TSB mortgage rate has been set initially at 13½ per cent (though loans could be 1 per cent below or 2½ per cent above this base). On the other hand, the TSB intends to be more competitive than the clearing banks and aims to avoid some of the fluctuations of the rates of its High Street rivals.

## *In the land of the giants*

### MINING
KENNETH MARSTON

A GIANT game of chess is being played in Australia as the major companies there shape up to each other in a contest to secure the mineral resources that could provide high earnings in the next decade. It is a game in which huge sums of money cross from one square to another.

One major take-over battle now appears to have been resolved by the simple process of the warring predators agreeing to share their prey. It concerns the rivals, **Conzinc Riotinto of Australia** and Australia's **Western Mining Corporation**, both of which have been seeking to acquire the BH South base-metal mining and investment group.

WMC made the higher bid, a shares and cash offer worth some A$217m (£113m). Under a deal between the two, CRA is to withdraw and let WMC continue with its bid. If this is successful WMC will sell to CRA various non-aluminium mining and smelting assets held by BH South. For this WMC will receive 19.3m CRA shares, currently worth about A$72m.

In a separate deal, Australia's North Broken Hill is to sell CRA shareholdings which are in the same companies for the most part. CRA will give 20.6m of its shares to North Broken Hill for these assets. Then North Broken Hill will sell 14m of the shares for A$48.6m to institutional investors down-under.

Of the parts of BH South which will be kept by WMC, the most appealing is the 13.1 per cent holding in the big **Alcoa of Australia** aluminium mining and refining complex. WMC already has 20 per cent of this concern while **Aluminium Company of America** sits firmly in control with 51 per cent and the major part of the rest is held by North Broken Hill.

Whether CRA or WMC will come out of the arrangement best in the long run is open to some conjecture. But at least the plans fit in with CRA's stated, and politically desirable, intention to increase the size of the Australian ownership of the company. After the deals the London parent **Rio Tinto-Zinc's** holding in CRA will fall to 61.2 per cent from 68.2 per cent.

The assets involved in this deal, however, are modest in comparison with what is at stake in another major chess move now taking place. It is the bid worth some A$465m which has been made this week by **CSR** for **Thiess Holdings**.

CSR, which used to be known as Colonial Sugar Refining, is an Australian industrial and mining conglomerate which has been notably active in the coal scene there in recent times. It already owns 19 per cent of Thiess which also has substantial coal interests plus civil engineering and motor distribution assets.

If the deal comes off—Thiess looks like playing hard to get—it will make CSR Australia's leading energy resources group with a market capitalisation of something in the region of A$1.2bn.

This would raise CSR from its present placing as Australia's seventh largest company to about the same level as Conzinc Riotinto of Australia which is surpassed only by the giant **Broken Hill Proprietary**.

Another big deal that has made headlines has been the news that **MIM Holdings** is to pay A$30m for a 40 per cent stake in the Oaky Creek coking coal project in Queensland from *America's* **Houston Oil and Minerals**. This will leave the latter with 50 per cent and the Dutch group, **Hoogovens Delfstoffen** holding the remaining 10 per cent.

Coming down to the small investor's league we have had the intriguing news of the first capital raising in London for many years for the opening of an Australian gold mine. To be exact, it is a reopening because the mine, **North Kalgurli's** property on the once famous Golden Mile in Western Australia, has been worked on and off since before the turn of the century.

Because of a low gold price of only US$40 per ounce, full scale working ended in 1971. A few years later the mine and plant were "mothballed" and, basically, they are reckoned to be still in good shape.

The mine is also believed to be a good proposition at a gold price of $300 and so with the price now close to $400 North Kalgurli is eager to get back into the gold mining business. This week a placing of shares at a price of 50 cents (26p) with UK institutions has raised A$2.5m.

A further A$4.05m is to be sought via a rights offer to existing shareholders on the basis of two new shares at 35 cents (18.2p) each for every five shares held on November 29. The existing shares are currently 31p.

Snags? One is that the anticipated profits may be reduced if Australia decides that the time has come to end the tax-free status of gold mining. The other is that the mine does not have large proven reserves of ore, only about 2½ years' supply at the last count.

This ore reserve position is not unusual on the Mile because of the nature of the geology there; ore tends to come in patches rather than as a relatively continuous seam as in South Africa and new ore constantly turns up as mining proceeds. North Kalgurli is confident that this will be the case at its property. For the equivalent of 18p per share, the chances seem worth taking.

Also intriguing the smaller investors is the **Ashton** consortium's search for diamonds in Western Australia because if Ashton pulls off a big success it will surely boost the shares of the many small companies which are also hot on the gem trail.

The Ashton venture, which is headed by Conzinc Riotinto of Australia, has already found very promising diamondiferous deposits at its Ellendale prospect, but so far they have shown a content of only very tiny stones even though a high proportion of them come into the gem category as opposed to the less valuable industrial grades.

In October a new diamond discovery was announced by the group, but again the stones turned out to be very small. They came from sampling of stream gravels and the big question was, where did they come from in the first place.

And for some unexplained reason CRA failed to disclose how much material had been sampled for the stated recovery of 401 diamonds weighing a total 60.28 carats.

This week CRA has disclosed that the area is near Lake Argyle, not far from the border with the Northern Territory; that only about one cubic metre of material was sampled, which is equivalent to about 1½ tonnes; and that a kimberlite "pipe" has been found in the area.

Thus the sampling has shown a very high diamond content indeed, but it may well be that the diamonds were concentrated in the stream by the natural washing down action from their source.

CRA is now going to carry out further sampling of the sediments and also of material from the pipe, no doubt in the hope that it may prove to be the source of the gems. Perhaps only the smalled diamonds were washed down, perhaps . . . Meanwhile, the company must race against time to get as much work done before the big "Wet" saturates the area

### TIN OUTPUTS COMPARED

| | Sept., 1979 tonnes | Aug., 1979 tonnes | Total to date tonnes | (months) | Same period previous year tonnes |
|---|---|---|---|---|---|
| Amal. of Nigeria (tin) | 135 | 110 | 799 | (8) | 886 |
| Amal. of Nigeria (columbite) | 14 | 13 | 85 | (6) | 176 |
| Aokam | 157 | 140 | 463 | (3) | 327 |
| Ayer Hitam | 198 | 116 | 518 | (3) | 453 |
| Berjuntai | 331 | 327 | 1,582 | (5) | 1,926 |
| Bisichi Jantar (tin) | ¶ | ¶ | 167 | (7) | 220¼ |
| Bisichi Jantar (columbite) | ¶ | ¶ | 218¼ | (7) | 215¼ |
| CBM Sri Timah | 78 | 65 | 635 | (9) | 1,085 |
| Ex Lands Nigeria | ¶ | ¶ | 102 | (4) | 108 |
| Geevor‡ | 90 | 59 | 517 | (6) | 529 |
| Gold and Base (tin) | 30 | 26 | 235 | (8) | 223 |
| Gopeng | 182½ | 182½ | 1,963½ | (12) | 1,712½ |
| Idris | 20½ | 20½ | 198 | (9) | 159½ |
| Kamunting | 50 | 47 | 305 | (6) | 198 |
| Killinghall | 23½ | 49½ | 477½ | (12) | 511½ |
| Kinta Kellas | 49 | 49 | 222½ | (6) | 216 |
| Kuala Kampar | 29 | 22 | 143 | (6) | 130 |
| Lower Perak | 19 | 20 | 86 | (5) | 132 |
| Malayan | 280 | 327 | 943 | (3) | 821 |
| Pahang | 127 | 127 | 254 | (2) | 243 |
| Pengkalen | 19½ | 33½ | 240 | (12) | 104½ |
| Petaling | 163½ | 140½ | 1,439½ | (11) | 1,333 |
| Rahman | 66 | 77 | 208 | (3) | 228 |
| St. Piran—Far East | 15 | 17 | 59 | (6) | 157 |
| St. Piran—UK (South Crofty) | 152 | 99 | 680 | (6) | 1,085 |
| St. Piran—Thailand | 78 | 72 | 499 | (6) | 623 |
| Southern Kinta | 162 | 170 | 907 | (6) | 831 |
| Southern Malayan | 132 | 126 | 473 | (3) | 566 |
| Sungei Besi | 166 | 129 | 978 | (6) | 1,026 |
| Tanjong | 18½ | 20 | 147½ | (9) | 145½ |
| Tongkah Harbour | 44 | 48 | 129 | (3) | 129 |
| Tronoh | 193 | 187 | 1,630 | (9) | 1,812 |

‡ Figures include low-grade material. ¶ Not yet available. Outputs are shown in metric tonnes of tin concentrates.

## *A further blow to the societies*

### HOME LOANS
TIM DICKSON

THE outlook for would-be housebuyers this weekend is grim. Queues for mortgages are already long and if the present gloom turns out to be justified either borrowers will have to pay more or those queues will get longer still.

The outlook before this week was already pretty desperate. The Building Societies Association October Bulletin published on Wednesday pointed out that in order to finance demand for home loans (estimated at around £1bn a month) net receipts would need to be running at a consistent rate of £550m per month. At the moment the BSA believes the current underlying trend, although better than earlier in the year, is running at only about £300m per month.

The bulletin says the £550m target is not attainable on a consistent basis, given societies' present competitiveness and adds: "It will require a substantial reduction in competing interest rates before societies are able to attract the funds necessary to meet mortgage demand."

These words written earlier in the month, apply with even more force today. Although the bulletin's contention that interest rates should fall sharply at some stage next year is still widely accepted, the short term implications are serious.

Three month local authority rate (the best proxy for rates competing with the building society ordinary share rate) was this week touching 15 per cent, against the "remarkably stable" range of 13.75 to 14.23 per cent between July and September noted by the BSA.

It seems likely that, thanks to the impact of the tax rebates last month, net building society receipts for October could approach the required £550m. But that is exceptional. On present trends, the net intake will meet less than three quarters of the estimated demand.

The Building Societies' Association decided this week to wait and see. But when it meets in December some thought may well need to be directed towards increasing the mortgage rate beyond the 12¼ per cent planned for January 1.

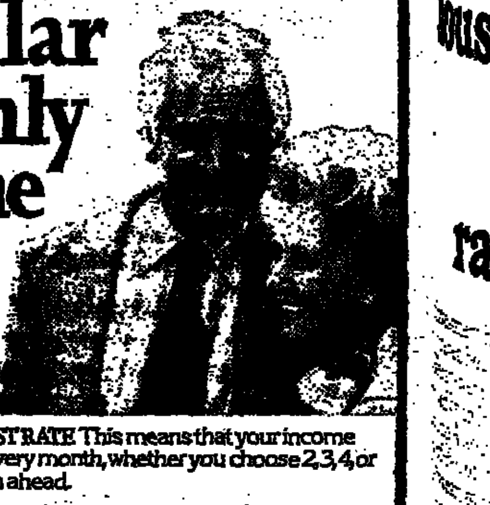
The strength of the demand for home loans is emphasised by the BSA Bulletin's prediction that lending by societies this year is expected to rise to a record £8.8bn, against £8.7bn in 1978.

The number of mortgages advanced, however, is expected to fall from 802,000 last year to 711,000 in 1979. A further dilemma for building societies is house prices, which are rising faster than average advances.

"Average house prices rose by 45.2 per cent between April 1978 and August 1979 whereas the average advance increased by only 19.8 per cent," the BSA says. "As a consequence, the average percentage advance declined from 67 per cent to 55.3 per cent" of the purchase price.







# YOUR SAVINGS AND INVESTMENTS 2

**John Makinson** takes a global look at equities

## *Bitten by the same bug*

IF THE Government timed its announcement on exchange controls last month to avoid sudden outflows of capital, it did a good job. A good job, that is, assuming investors are scared off by falling stock markets. As the table shows, the stock markets of most leading Western countries have performed poorly in recent weeks and bonds or property have looked more tempting than equities.

The measures disclosed by the U.S. Administration on October 6 to combat inflation and shore up the dollar added a further twist to the upward spiral in interest rates and added substance to prophecies of a global recession.

Since then, interest rates have continued to rise both in the U.S. and Europe (unchanged MLR is a temporary exception to the rule) and threats of oil shortages, together with higher fuel prices, have intensified the depression on the stock markets.

The exchanges hit hardest have been those dominated by industrial companies sensitive to falling order books and soaring fuel costs. The heavy weighting of metal and mineral stocks on the Australian exchange has insulated the index against the general malaise.

The rise in Hong Kong has slowed but take-over activity and the resilience of property stocks has prevented a fall.

The clearest contrast to the gloom in London and New York has been South Africa, where the spectacular advance in the gold price immediately made itself felt on the golds index and, by brightening up prospects for the economy generally, filtered through to industrial stocks.

Of the major Western markets, only France has performed more miserably than the UK over the past month. Share prices rose strongly early in the year, supported by tax concessions for small investors, but the optimism has now evaporated. Taking early April as a base, however, the fall in London has been the sharpest.

**WORLD STOCK MARKETS: RECENT TRENDS**

| COUNTRY | Percentage change in Stock Market indices: Six months to Oct. 5 | From Oct. 5 to Nov. 7 |
|---|---|---|
| UK | − 2.3 | −13.8 |
| U.S. | + 9.8 | −10.5 |
| Japan | + 4.0 | − 3.5 |
| Canada | +22.1 | −12.5 |
| West Germany | − 2.1 | − 8.3 |
| France | +38.4 | −15.4 |
| S.A. Gold | +49.3 | +13.2 |
| S.A. Industrial | +13.2 | +12.1 |
| Australia | +16.9 | + 2.8 |
| Hong Kong | +31.3 | + 2.1 |

| | YOUR TAX RATE Nil | 30 | 40 | 60 |
|---|---|---|---|---|
| **BANKS** | | | | |
| Deposit—seven days | 11.5* | 8.05 | 6.9 | 4.6 |
| Deposits—three months† | 14.72 | 10.33 | 8.85 | 5.9 |
| Deposits—one year† | 14.06 | 9.84 | 8.44 | 5.62 |
| **BUILDING SOCIETIES** | | | | |
| Ordinary shares | 8.75 | 8.75 | 7.5 | 5.0 |
| Term shares—two years | 9.25 | 9.25 | 7.93 | 5.29 |
| —three years | 9.75 | 9.75 | 8.36 | 5.57 |
| —four years | 10.25 | 10.25 | 8.79 | 5.86 |
| —five years | 10.75 | 10.75 | 9.21 | 6.14 |
| **LOCAL AUTHORITIES** | | | | |
| Yearling Bond | 14.375 | 10.063 | 8.625 | 5.75 |
| Two years | 13.75 | 9.625 | 8.25 | 5.5 |
| Three years | 13.875 | 9.713 | 8.325 | 5.55 |
| Four years | 13.875 | 9.713 | 8.325 | 5.55 |
| Five years | 13.875 | 9.713 | 8.325 | 5.55 |
| **NATIONAL SAVINGS** | | | | |
| Investment account | 12.5 | 8.75 | 7.5 | 5 |
| Five years certificates | 8.45 | 8.45 | 8.45 | 8.45 |

* Barclays 12 per cent

† Min. £10,000.

## *Returns this weekend*

THE TABLE gives the current rates of return from some of the more familiar short term savings havens. The most significant change since August and September when the building societies and Department of National Savings (in relation to its investment account) respectively revised their rates upwards, is the standing of local authority bonds. These are influenced by money market rates and are now extremely attractive vis a vis the other forms of investment.

The drawback to the rates given in the table is that, although you can invest as little as £1,000 in a yearling bond, dealing charges may swallow up as much as one per cent of the return.

## *Icing on the cake*

ALL MIDDLE-AGED and elderly employees should be asking themselves whether their company pension at retirement will be adequate. They may well get a shock when they find out the answer to this question.

All is quiet on the pensions scene at present, following the ballyhoo accompanying the introduction of the new State pension scheme. Companies had to improve their schemes for employees and the message that came across strongly was that everyone would retire on a pension of at least half final salary. Employees could be forgiven for thinking that all was well as far as their pension was concerned.

But for the older employee all is not well. Full pension entitlement in a company scheme only applies if the employee has been a member of that scheme for a long enough period. Under most schemes, an employee qualifies for a pension of 1/60th of final salary for each year of scheme membership, so that after 40 years, he receives the Revenue maximum of two-thirds final salary.

In many companies, however, the pension scheme is a comparatively recent innovation, especially for manual workers. An employee aged 45 when the scheme was set up will only have 20 years membership at retirement and qualify for a pension of only one-third final salary at 65, even if he has worked for the company all his working life.

So what can such employees do to improve their pension entitlement? The cost to employers to allow previous service would be prohibitive. The answer is for the employee to save for himself to supplement his pension.

The employee can invest through the usual savings vehicles—building society, unit trusts—and suffer the usual tax restrictions. But if his employer sets up what is known as an Additional Voluntary Contribution (AVC) scheme with a life company, then the employee will get a helping hand from the Revenue. He will get the same tax privileges as from the normal company scheme. He gets full tax relief on his contributions, thereby reducing the actual cost. Investment is in a tax-exempt fund, and the benefits are treated generously for tax purposes.

There are however certain restrictions imposed by the Revenue to qualify for these

**PENSIONS**

ERIC SHORT

tax privileges. The overall contribution to the company scheme and in AVCs must not exceed 15 per cent of total earnings. Thus if an employee is contributing 6 per cent of salary to the main scheme, he can contribute up to a further 9 per cent of salary in AVCs. He has to make contributions for at least five years, or to retirement, whichever is the shorter. And the money is locked into the scheme until retirement or death.

AVC schemes have to be established by the employer. The employee cannot go off and ask a life company for a scheme. But there is a wide choice available from both life companies and building societies. Now the M and G group has launched the first unit-linked AVC scheme, thereby adding a new and exciting dimension to this pensions sector.

With the other schemes the employee makes his contribution and the life company or building society does the investment—safe but dull. The M and G scheme offers the employee the opportunity to be involved in the investment and provides the chance to maximise the yield. After all, the amount by which the employee supplements his pension will depend on the investment return achieved.

There are seven funds available in which the employee can invest his contributions, with switching facilities between the funds. And the choice rests with each individual. If the employee wishes to get involved in the investment, then he has six funds at his disposal—equity, property, fixed-interest, American, Pacific Basin and deposit.

Effectively, what M and G is offering is regular savings in exempt unit trusts covering a wide investment spectrum. The employee, if he wants to be involved, needs expert advice. It is so easy to buy at the top of the market and switch out at the bottom.

The M and G group cannot offer investment advice direct. If the employee wants to leave the investment decisions to M and G then he invests in the seventh fund — the managed fund — which is a mix of the other funds.

The Group has an excellent investment track record on its unit trusts. Its Pension Exempt Fund has shown a growth rate since its launch in November 1957 of 11.8 per cent per annum compound—well ahead of the FT All Share Index.

M and G is going somewhat up-market on its AVC scheme, however. The minimum investment to qualify for full allocation in units is £40 per month. It will accept smaller contributions down to as low as £20 per month, but the investment allocation is reduced by 3 per cent. The philosophy of the Group appears to be that it is the higher rate taxpayers who benefit most from such schemes and are showing interest.

## *Sudden burst of activity*

A WEEK is a long time in financial journalism. Anxious to take advantage of the new freedoms following the relaxation of exchange controls, I recently headed off for a brief mid-winter break to Majorca.

In that time, the traditional summer lull in the unit trust world was shattered by a sudden rush of new funds. They are coming out so quickly that it is difficult to keep track of the numbers but at least seven have appeared in the past couple of weeks.

Save and Prosper and G.T. Unit Managers, for example, have launched an International Bond and World Bond fund respectively in order to take advantage of the fixed interest markets now available to UK investors.

The problem here is that since UK unit trusts are liable to corporation tax, neither fund will be going for a particularly high yield. If all goes well, however, returns to the investor will come from three sources—capital movements resulting from interest rate changes, exchange rate movements, and also interest receipts.

The Tyndall Group, meanwhile has launched a North American Growth Fund, the first from the Tyndall stable concentrating solely on North American investment. It argues that on fundamental grounds

**UNIT TRUSTS**

TIM DICKSON

some of the large U.S. corporations look extremely cheap but then people were saying the same when the Dow Jones Index was touching 900.

National Westminster has joined the "small is beautiful" bandwagon by launching a Smaller Companies Trust while this week Gartmore came into the field with a Special Situations Trust.

Henderson has launched two new funds—the Pacific Smaller Companies and the Cabot Smaller Companies Dividend Trust—the latter getting first prize for the season's most inventive name.

Fidelity of Boston, claimed to be the world's biggest mutual fund group which has declared its ambition to enter the UK unit trust field, has set up another offshore fund—Fidelity Far East.

Why all the activity? The abolition of exchange controls has provided the touchstone for the overseas funds, but there are still a number of new trusts restricting their investment to the UK.

With stock markets generally in the doldrums, unit trust managers no doubt feel that now is the time to move in. Another reason for the flood of funds, however, may be the disappointing unit trust sales figures so far this year—new funds are one of the best ways to revive interest.

# PROPERTY

## A home to suit your station

BY JUNE FIELD

I JUST missed a ride "behind steam" on the Mid-Hants Watercress Line at Alresford (pronounced Alsford), but was able to buy a basket of the plant around the corner—and the porter at the 12th century Hospital of St. Cross in Winchester, opened up to my knock to provide the "Wayfarer's Dole."

This tradition of serving the daily Dole, ale (originally in a small container made from a cow's horn or horse's hoof, set with a silver Jerusalem cross, but now in a Pyrex mug), plus a morsel of bread, derives from the time when the founder, Bishop Henry de Blois, grandson of William the Conqueror and half-brother of King Stephen, provided food and drink daily for 100 poor.

As to the Watercress Line, so called because watercress was carried on the line until the early 1960s, this was a victim of the Beeching Report. Only a three-mile section between Alresford and Ropley was rescued by raising share capital for the operators, Winchester and Alton Railway Limited (over £75,000), plus the efforts of a preservation society with over 2,000 members.

Details for sae to Mid-Hants Railway Preservation Society, Alresford Station, Alresford, Hants.

To get to the ancient cathedral city 35 kings of England once made their capital (20 of them are buried there), I took British Rail's regular service, one hour or so Waterloo to Winchester.

With such accessibility to London, property is much in demand, whether in the city, or out in the pretty South Hampshire countryside, with its easy access to the A3/M3. There are problems over the proposed extensions to the M3, and the local tourist office told me that a Government decision is still awaited.

Appropriately, my property tour started downstream at Itchen Abbas, about four miles east of Winchester, where the Station House, railway cottages and goods yard are for sale in two lots, at "£100,000 or so all up," according to William McClintock, partner in Fox and Sons, auctioneers.

For this you will get about ½-mile of Watercress Line and bank, mainly trackles, a platform, three-bedroom Victorian station house, waiting-room, stationmaster's and ticket office, booking hall, porter's room and two outside loos, all mainly painted out in railway green.

About an acre of well-maintained garden as well as the yard which has consent for three detached houses, and three cottages of which two are tenanted.

Sleepers Holt, Sleepers Hill, Winchester, Hampshire. Details William McClintock, Fox and Sons, 63 High Street, Winchester (0962 62121).

The auction is on Wednesday, November 21 at The Royal Hotel, St. Peter Street, Winchester. Details, William McClintock, Fox and Sons, 63 High Street, Winchester (0962 62121), who will also send a portfolio of other properties for sale, together with maps of the area.

Mr. McClintock told me that over the last two months there has been a progressive change in the market pattern of too many buyers chasing too few properties. "This has encouraged vendors to seek the highest possible price to enable them, in turn, to buy something in a similar range.

"But now, with mortgages becoming more and more difficult to obtain, and with longer chains building up, there have been those who can no longer afford to buy at such high prices, perhaps because of the delays in getting a mortgage, or because they are unable to negotiate sufficient bridging funds."

Now more and more properties were coming into the market, and selling was becoming more difficult. "At last sellers are a little more willing to listen to advice on prices in the hope that buyers may be tempted."

Also going to auction on November 21 through Fox's is the Manor House, Main Road, Colden Common, near Winchester. Built about 1630 of Norman stone and flint, adjoining the Green Belt land, it is a pretty three-bedroom house in 1½ acres, carefully modernised to preserve the character of exposed beams and leaded lights.

There is a duck pond, vegetable garden, fruit trees, tool shed with a pigeon loft, timber granary and a large stone barn used as a workshop, and the price guide is £60,000-£70,000.

The third property to go under the hammer on the same day, Sleepers Holt, Sleepers Hill, Winchester, is much larger. It is completely secluded in a belt of preserved beech trees in 1.3 acres, but very near the city. The first time in the market since it was built in 1936, it is considered that it would need about £20,000 spent on top of the price guide of £80,000-plus.

Depending on how the accommodation was arranged (one wing of the house has been used as a separate unit for some time), the purchaser would then have a very handsome home with three living rooms, lift, seven bedrooms, two/three bathrooms, etc.

## Such a heated argument

GARDENING

ARTHUR HELLYER

A GREAT deal of research has been carried out on the increasingly profitable horticultural market, but I cannot recollect one basic question ever being asked—"If you own a greenhouse do you heat it in winter?"

My guess is that the replies would reveal a surprisingly low proportion in the "yes" column and would also indicate that, as fuel costs mount, the number of heating devices decreases. On the face of it that makes sense yet I doubt whether, taking a longer view, it is really a sensible economy.

A greenhouse without heating is able to deliver less than half its potential performance since it will be impossible to guarantee exclusion of frost in winter and that means that no really tender plants can be grown that season.

The totally unheated greenhouse is only effective from about mid-March until late October after which it can be used for hardy plants that appreciate protection from wind and rain—early daffodils, early bulbous irises and crocuses, for example.

Given the possibility of complete frost exclusion, which in practice means installing heating apparatus giving at least a 10 deg. C boost in temperature, the range of plants that can be overwintered increases enormously. If the minimum temperature can be 13 deg. C most of the time, with only occasional brief falls below this level, almost the whole vast range of sub-tropical plants becomes a possibility.

I am not saying that even higher temperatures would not be helpful. They certainly would be, it only because they make it much easier to exclude fungal diseases, the bane of the greenhouse owner in winter, since some of them, especially grey mould (botrytis) thrive when the air is cool and damp.

But given careful ventilation, watering and reasonable attention to hygiene, which includes prompt removal of decaying stems and leaves and occasional dusting with flowers of sulphur or fumigation with tecnazene (TCNB), it is possible to manage many plants at temperatures well below those that the experts would consider ideal.

The real questions are how to heat and what measures to take to conserve the heat available, whether it be natural heat from the sun or artificial heat from some kind of radiator, stove or boiler. Broadly the possibilities are four—paraffin, gas, oil, or coal-fired boilers and electricity.

The cheapest form of heating today is almost certainly natural gas and that obtained from the North Sea has the advantage that the by-products of combustion are carbon dioxide and water both of which are beneficial to plants. So stoves operating on North Sea gas can stand inside the greenhouse and heat the air directly without the added complication and expense of hot water pipes.

The question of bottled gas, where piped North Sea gas is unavailable, is more controversial. The suppliers mostly claim that it is as safe as North Sea gas though obviously a good deal more expensive, but a reader assured me last year that he had virtually destroyed all his Australasian plants with bottled propane gas which produced small quantities of sulphur dioxide on combustion.

He believed that the safety or otherwise of bottled gas depended a great deal on the area in which it had been collected and that some samples were satisfactory and some were not.

I have found it hard to get confirmation of this and the bottled gas producers are understandably cagey. But my correspondent is a highly intelligent man with an intimate understanding of plants, so I think his warning must be taken seriously. In any case, the higher price of bottled gas makes it economically a great deal less attractive than piped gas.

Solid fuel, though expensive, seems to me still the most economical alternative to natural gas. The difficulty is how to apply it.

Small coal or coke burning boilers installed outdoors are notoriously unreliable and require frequent stoking. The ideal seems to be to connect direct to the domestic heating system which in most cases probably means using a lean-to type of greenhouse or conservatory placed against a house wall.

I have just purchased quite a tiny lean-to house which I propose to use in just this way and which I will reserve in winter for the most tender plants.

Oil-fired boilers are convenient but fuel costs have risen so much that many gardeners can no longer afford them for greenhouse heating. That leaves the possibility of electricity, the cleanest and most convenient of all energy sources, and one of the most amenable to temperature control which, if properly installed and adjusted, can ensure that current is used only when needed.

Even so, I am reluctantly abandoning electricity for greenhouse heating except for emergency boosting and applied through soil warming cables for propagators which are themselves inside a greenhouse.

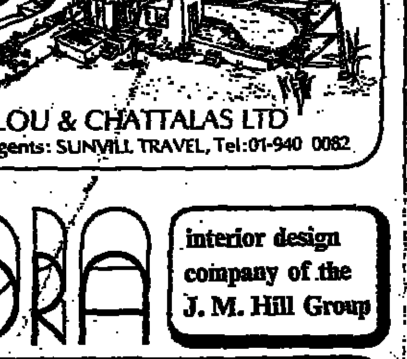
This is undoubtedly a most economical method of using electricity since, in my experience, soil temperature is actually more important than air temperature in maintaining sap circulation and so protecting tender plants from frost damage in winter.

There are many methods of improving the heat insulation of greenhouses from double glazing, which is costly, to lining with polythene sheets, relatively cheap but time-consuming, since ideally the sheets should be placed in position in the autumn and removed in the spring.

Undoubtedly the most effective are the "quilted" sheets which have numerous little bubbles of air contained within the plastic.

It is easy to fit polythene sheets in wood-framed houses since they can be fixed to glazing bars and rafters with drawing pins. More ingenuity is required with aluminium-framed houses in which I have found it necessary to fix horizontal wires over which the sheets can be draped or to which they can be clipped.

However, there is a drawback with all polythene linings since they encourage internal condensation which in turn produces the right humid conditions for those harmful fungi which it is at least half the purpose of heating to exclude. Has any reader found a solution to this problem?





# GOLF

## Crystal ball

BY BEN WRIGHT

WILL Open champion Seve Ballesteros still only 22 years old ever achieve the true world class status so confidently forecast for him for some years now, by such respected judges as Jack Nicklaus or will he falter as did Tony Jacklin? None of the great players to whom I have spoken on the subject in the past few months regards the swashbuckling Spaniard as anything but the most exciting prospect to emerge since Nicklaus joined the American tour in 1962.

Jacklin himself knows from bitter experience—and how he has mellowed into gracious elder statesmanship, since escaping from his personnal hell, with victory in the German Open—that a reaction after a first major championship victory, as suffered by Ballesteros is inevitable. After winning the Open at Royal Lytham in 1969 Jacklin failed to make the cut after 36 holes in his next four starts.

Jacklin, who has developed a real respect and affection for the charismatic stylish Spaniard since the Ryder Cup match in West Virginia in September is, however, among the collection of top class golfers who are beginning to voice doubts about the ability of Ballesteros to become a multiple major title winner or a regular winner in America. Needless to say, to a man the American players canvassed point to Seve's erratic driving, as the Achilles heel that would destroy him on courses prepared by the United States Golf Association, for major championships or on the majority of those used for PGA tour events. Mostly they would advise the use of a driver with a much stiffer shaft, a much less hard swing, and a lower trajectory.

But it is the Spaniard's physical problems, centred on his suspect back, that several of them find more disturbing in that violent strikers of the golfball have rarely enjoyed longevity in the top class. In addition to this Jacklin, who told me he was horrified at the crackling noises Ballesteros can produce at will, in his arms, hands and vertebra, added with a rueful smile the hope that the widely idolised youngster who has recently become something of an honorary Briton, and his, Jacklin's, obvious successor, in the limelight was not becoming too obsessed with money, because Ballesteros recognises only too well his physical frailty. Jacklin could see much similarity in Ballesteros's current plight to his own previously in that, in the British players' own words: "When you win your first major title you think you've cracked it. In hindsight it was unfortunate for me that I won too much too soon."

I shall be present to watch Ballesteros's form in Australia, in the next two weeks, and the week after that in Mexico City with much interest. For so far this has been a bitterly disappointing season for him with the obvious exception of his Open Championship triumph. I still maintain that a major championship victory must be rated non-vintage when wild driving goes unpunished as did that of Ballesteros at Royal Lytham. Sandy Lyle, aged 21, overshadowed the previously all conquering Spaniard on the European tour, eventually robbing him of the Vardon Trophy for topping the Order of Merit, a prize Ballesteros valued so highly because if he had won it for a fourth successive year he would have equalled the record established by Peter Oosterhuis in 1975.

Last weekend in the Japanese Open Ballesteros failed to defend in 1979 the last of six international tournaments he had won in 1978, the others being the Kenyan, German, Scandinavian and Swiss Opens and the Martini International. The Spaniard could win only the Lada English classic, and lost a semi-final match in the Suntory World match play championship at the 40th hole to Isao Aoki he could and should have won. Nor did he fare any better in America. Ballesteros tied for 12th place in defence of the Greater Greensboro Open title, he won so thrillingly, in 1978 achieved the same placing in the Masters Tournament the following week but did not make another cut and withdrew from the U.S. PGA Championship to which he was invited and the World Series of Golf for which he had qualified. His first Ryder Cup appearance was made disastrous largely because he and compatriot Antonio Garrido were three times beaten by Lanny Wadkins and Larry Nelson, while the latter also defeated Seve in the final day's singles.

Jacklin, who never really settled down to enjoy the American tour after the initial honeymoon period sees Ballesteros facing similar problems if the Spaniard eventually decides to seek his fame and fortune there. Tony points out potently that even if a foreign player pre-qualified for a tournament and then plays all four rounds he is only spending about 24 hours on the golf course each week. Even if he practises and travels for another 24 hours he has still got 5 days to kill—for many perhaps a tall order in a foreign land.

I share Jacklin's hopes that Ballesteros will never allow himself to be persuaded to play conservatively and forsake his thrilling, all-out attack in the manner Arnold Palmer made his own legendary and beloved trademark. Seve proved at Wentworth last month that he could harness his power with a new stiffer shafted driver and mostly stay out of the trees and undergrowth. Ironically it was his customarily magical short game that betrayed him and allowed Aoki of the hook before one wayward drive finally destroyed the Spaniard.

Can it be that Ballesteros's uncanny short game, on which he has been forced to rely so heavily so far, will desert him just when he begins to gain control of his driving? If so, it would not be the first time such a completely baffling turn around has occurred. When the great Palmer started his professional career he was reputedly as wild from the tee as has been Ballesteros in his formative years. Palmer won his last major title, the U.S. Masters, in 1964. I would love to have a £ sterling for every occasion around the world since that Arnie has bemoaned the fact that he has never driven the ball better—or putted worse.

# RACING

## Bottom Line for the 'November'

BY DOMINIC WIGAN

THE FOURTEEN runners in the William Hill November Handicap before the final declaration stage have all stood their ground and Doncaster's end of season centrepiece seems sure to attract as much interest as the Mackeson.

The three who interest me most in the 1½-mile event on Town Moor are Bottom Line, Fine Tale and Funny Spring.

The favourite—though an uneasy one—is Fine Tale bidding to make it four wins on the trot. Frankie Durr's three-year-old whose allotted 7st 7lb will be reduced by the 3lb deemed by the season's leading apprentice, Peter Robinson began to improve rapidly in mid-summer.

A winner at Beverley in July, Fine Tale took handicaps at Folkestone and Lingfield early last month before proving too strong for Move Off at a tremendous advantage in weight at Teesside a fortnight ago.

There Fine Tale, in receipt of 34 lbs from the older horse, had three quarters of a length to spare over Move Off after being hard pressed throughout the final furlong.

Those swayed by coincidences will doubtless be looking to Luca Cumani's Funny Spring for the answer. Not only did his trainer take this prize a year ago through Eastern Spring but Funny Spring is, as in 1978, producing his best form at the close.

Funny Spring, successful in his final three races last autumn, returned to somewhere near his best when keeping on gamely in the hands of a typically determined Carson to account for some smart opponents at Newmarket on Saturday.

Cumani, not noted for his optimism and none too hopeful before that victory, is quietly confident that Funny Spring will run his best race to date.

There is no doubt that Bottom Line possesses plenty of ability and is as game as they come. Few could have been anything but highly impressed by the Double Jump filly's success over Probable at Newmarket last time out. Looking to be held a furlong and a half out by Probable, Bottom Line buckled down to her task in resolute fashion in the dip and took control with the minimum of fuss. In what could well develop into a closely fought finish in today's big race Bottom Line is given the edge.

*The Bruce Hobbs juvenile*, Stumped slammed some useful *animals in the Somerville* Tattersall Stakes recently.

*Stumped is given a confident* vote over La Legende in the Flanders Fillies Stakes.

**DONCASTER**
1.00—Stumped***
1.30—Relaxing
2.00—Many Moons*
2.30—Second Generation
3.00—Bottom Line**
3.30—Chalumeau

# CHESS

LEONARD BARDEN

INVOLUNTARY action replays, where the game exactly or nearly repeats an encounter from an earlier tournament, seem to be just as frequent nowadays as in the period when there was less published chess material. Match and congress play is so intense that even the top professionals cannot keep track of all the developments in opening theory.

Certain losing sequences are so plausible that they recur dozens of times. An example is the Levenfish trap in the Sicilian Defence 1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 P-B4, B-N2; 7 P-K5, PxP?; 8 PxP, N-N5?; 9 B-N5 ch, K-B1?; 10 N-K6 ch winning the queen. The Levenfish was first recorded in 1943 and still claims its annual quota of unsuspecting victims.

It is interesting to note that at master level the verdict on *the moves leading to this trap* has changed more than once. It *is currently considered in* White's favour after the J. Littlewood-Mestel game in the Grieveson Grant British Championship at Chester: 7 . . . N-R4 (Mestel's improvement); 8 N-N5 ch (if 8 P-KN4, NxBP; 9 BxN, P-K4), B-Q3; 9 P-K6, PxP; 10 NxP, BxNch; 11 PxB, Q-B1; 12 BxB ch, KxB (QxB should be tried); 13 N-N5, Q-B5; 14 R-QN1, K-B2; 15 R-N4, QxRP; 16 Q-K2, N-QB3; 17 N-K6 ch, and Black resigns. If 17 . . . K-B1; 18 RxP and mate in three if the rook is taken.

Several other short games at Chester reflected the younger players' fighting spirit and the innovation of point money for decisive results. The Major Open, whose winners qualify for next year's championship at Brighton, featured sharp play including this miniature with an amusing finish.

White: R. A. Doney. Black: M. A. Lee. Opening: French Defence (Chester 1979).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-QB3, B-N5; 4 P-K5, P-QB4; 5 P-QR3, BxN ch; 6 PxB, Q-B2; 7 Q-N4, P-B3.

An innovation by Botvinnik in his 1957 world title match with Smyslov. Usual is 7...P-B4.

*8 B-N5 ch.*

A suggested improvement on Smyslov's 8 N-B3 when P-B5 leaves Black comfortably placed. The point is that 8... N-Q2 and B-Q2 leave the KP en prise with check, while after 8...N-B3 White's minor piece development is less cluttered than after 8 N-B3 P-B5.

8...K-B1; 9 N-B3, P-B5.

*This move still looks effective,* as it seals the fate of the bishop; *but matters are not that simple.*

10 P-QR4, P-QR3; 11 B-R3 ch, K-B2? (a blunder); 12 N-N5 ch! Resigns.

If 12 .PxN; 13 Q-R5 ch, P-N3: 14 Q-B3 ch and mate on KB8 either at once with bishop, or after 14...N-B3; 5 QxN ch with queen.

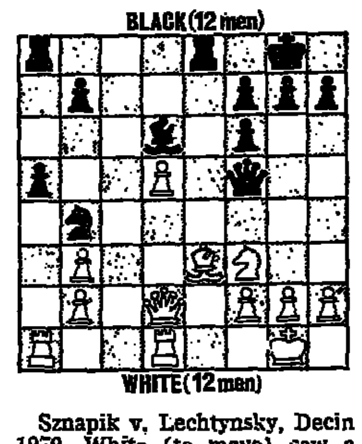
The question is how would the game have gone after the correct move 11...N-K2? White would then have the startling reply 12 B-K8! when play may proceed 12. . . P-B4; 13 Q-R5, P-KN3; 14 Q-R6 ch, KxB; 15 Q-N7, R-B1; 16 QxRP (16 N-N5 *also looks strong*) with good attacking chances for White.

Black resigned this game at once after 12 N-N5 ch—he saw it coming while White was still pondering its consequences and so was ready to give up immediately the knight sacrifice was played.

The story does not end there. The game was submitted for *publication in the games section* of the magazine "Chess," but as *it was being prepared for Press* a sub-editor suddenly realised that it had already appeared in the magazine! Exactly the same game had been played in 1978 in the British Championship qualifying competition between two Leicestershire players, J. R. Mitchell and L. A. Edwards. Neither of the two Chester protagonists had remembered it, and both unsuspectingly followed their predecessors.

**POSITION No. 293**

BLACK (12 men)

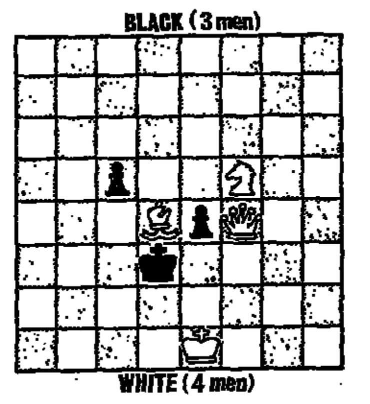


WHITE (12 men)

Sznapik v. Lechtynsky, Decin 1979. White (to move) saw a chance to win a pawn and played 1 B-N6, R-R3; 2 BxRP. What did he miss?

**PROBLEM No. 293**

BLACK (3 men)



WHITE (4 men)

White mates in three moves at latest, against any defence (by Capt. Szabo, Kaschauer Zeitung 1888).

Solutions Page 14

## The flight of the partridge

# COUNTRY LIVING

JOHN CHERRINGTON

WHEN I first came to my Hampshire farm, over 40 years ago, it was all in grass or weeds. There were lots of rabbits, a few pheasants and a very good stock indeed of partridges. In fact on a walk round a pasture, it was quite possible to put up a covey every hundred yards or so. This heavy partridge stock*ing lasted until the early fifties*, and then for some reason not yet fully understood, they all but vanished.

I say all but, because there are always a few pairs around in the spring, and I have not allowed one to be shot for years, in the hopes that numbers will build up again. But they don't. This is not an isolated phenomenon. Partridges have almost vanished even from those estates where good keepering makes sure that none of the common predators is allowed to attack the birds, and every effort is made to improve their habitats.

Modern farming is blamed for much of the decline, and there are certain practices which could in theory affect their numbers. Partridges often nest in grassland, and the modern practice is for grass cutting both for hay and silage to be much earlier than it used to be. In my youth hay wasn't cut till after the longest day, and this would give the birds time to hatch off their eggs before the mower came round. But if the mower goes in soon after the middle of May, it is quite likely that nests would be destroyed.

But few farms in arable areas, which used to be very well stocked with partridges, have much grass and on many of those keepers provide odd corners where partridges could be attracted to nest as well as undisturbed hedge bottoms. Even there numbers don't increase as they should.

But so say the critics, even if grass isn't cut early, all farmers are using sprays which kill the insects on which partridges used to live. This is absolutely wrong. Few farmers in the South use anything in the way of toxic sprays which could kill the existing insect population, for the simple reason that they don't growe susceptible crops.

But, of course, they do use weed killers, and there is no doubt that the weed population has decreased dramatically together with a consequent reduction in the seeds available. Until the advent of the hormone weed sprays, most grain crops were full of weeds, and as they seeded they produced a good store of food for the birds.

But this is far from being the whole story. The decline in partridge numbers has coincided with a substantial increase in the number of wild pheasants. Pheasants of course are quite easy birds to rear, an many of the wild stocks are undoubtedly supported by strays from estates where they are handreared. But there is no doubt that under the present environmental conditions on most arable farms, pheasants displace partridges and in fact do.

I discount stories I have heard of cock pheasants turning partridges off their nests, or otherwise molesting them. But it is obvious that in searching for and securing food the pheasant is much better placed than a partridge, and can eat really coarse grain for instance.

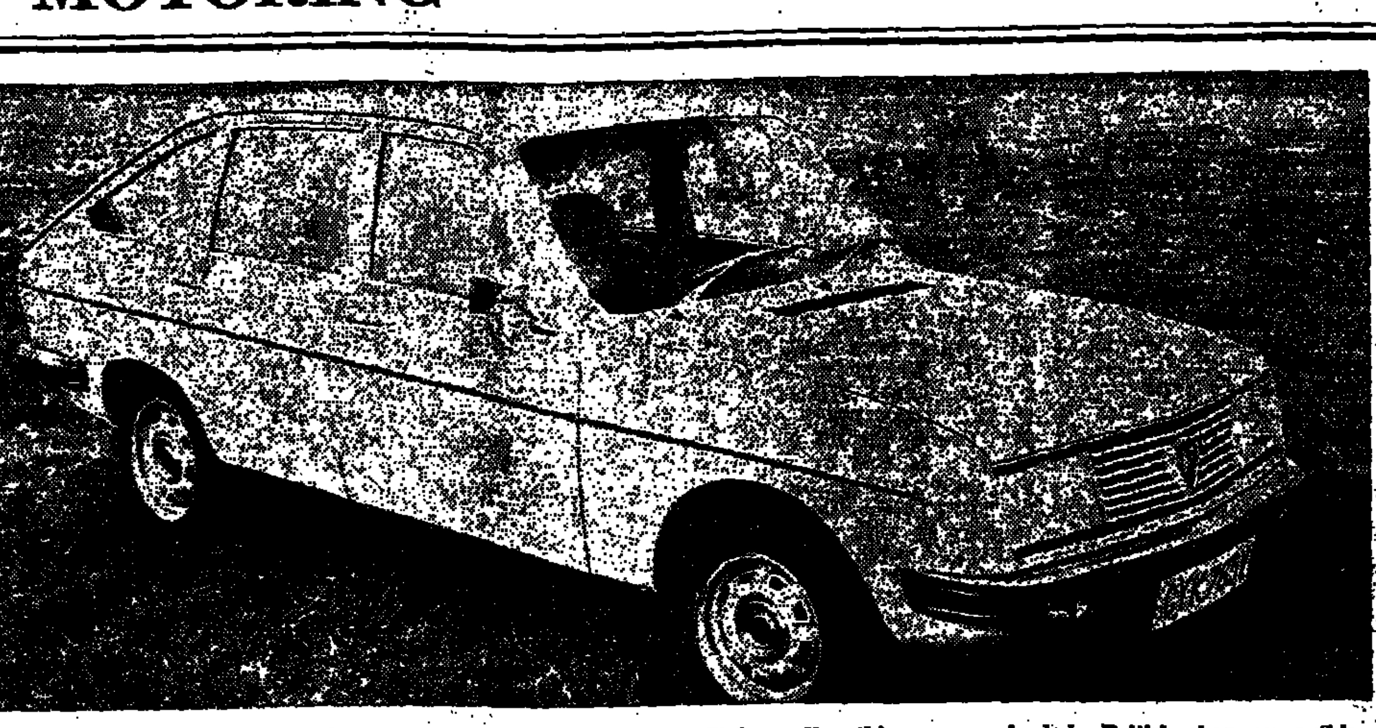
Many attempts have been made to rear partridges. The late Lord Rank at Sutton Scotney devoted years to this, and reckoned he had it about right when he died. Rearing the birds is quite possible, but persuading them to establish themselves on the farm on which they are reared is very difficult.

Unlike pheasants, which can be domiciled as it were in certain areas, reared partridges lack the cohesion of the covey, and are apt to wander or fly far and wide once they are turned loose. As the whole object of game preservation is to keep the birds at home, no wonder most people plump for the pheasant, they make an easier target anyway.

So I fear it is goodbye to the partridge unless of course there should be a farming slump, and land allowed to revert to grass and weeds. I was in Southern Spain this summer, and on the unimproved grassland there I saw more partridges than I have seen for years.

# CONCERTS

# MOTORING



DEEP DOWN, Italian drivers don't like automatics because they feel they are an assault upon their masculinity, it is said by those who profess to understand. Maybe we British are less highly sexed, but the fact remains that an overwhelming proportion of business drivers here go for two pedals, not three, and a transmission that takes care of itself.

Most of the 12,000 or so Betas sold in Britain this year will have gone to business users in spite of the fact that they have had manual gears without the option. That has now changed. The two pedal Beta, which made a tentative bow in Italy earlier this year, arrived in British showrooms this week.

At first most of the automatics—they cost £455 more than the manuals—will be Beta 2000s but the transmission will eventually be offered on all Beta saloons and coupés, including the HPE. As one might expect, the Lancia automatic transmission, which was developed in association with Britain's Automotive Products group, is fairly sporty in character.

## America's shrinking giants

BY STUART MARSHALL

AFTER A generation of grossness that made it unsuitable for use almost anywhere outside its homeland, the American car is shrinking fast. Down-sizing has been forced on the U.S. car makers if they are to meet government energy conservation targets.

Dealerships are overflowing with traditional-sized cars. They are meeting sales resistance because of higher petrol prices, even though, by our standards, the less than 50p gallon is still incredibly cheap. But just try and get hold of a General Motors "X" car.

This front-wheel-drive family car is almost exactly the same size and weight as a BL Princess or Renault 20. They are in such demand that you may have to wait weeks and the dealer won't be flexible on price.

I tried an "X" car when I was in the U.S. last month and thought it would appeal strongly to the European business motorist who rated comfort, refinement, silence and driving ease more highly than the ability to out-corner anyone else in sight.

The "X" cars come as hatchbacks (which look rather like a brash near relation of the Lancia Beta) and notchbacks, with two or four passenger doors. There is a choice of sideways mounted 2.5 litre four-cylinder or 2.8 litre V6 cylinder engines and four-speed manual gearboxes with an overdrive top, or three-speed automatics. Power steering and air conditioning are, needless to say, chosen by the vast majority of buyers.

The one I drove was a Chevrolet Citation, though the "X" cars come in Pontiac Phoenix, Oldsmobile Omega and Buick Skylark versions. All are similar under the sheet metal; only the appearance and equipment varies significantly.

The Citation was an attractive package. Its 2.5 litre four-cylinder ran almost as smoothly and silently as any big American V8.

The ride was soft though very comfortable but the handling would not have appealed to drivers who regard every bend in the road as a challenge. On Goodyear's proving ground at San Angelo, Texas, where I put the Citation through wet and dry handling courses, it could be made to plough straight on in the wet.

At times the steering reacted too slowly for a sliding tail to be caught. But this was driving on a private track where a car is pushed much harder than would be sensible on public roads. In any case, "X" cars shipped to Europe are fitted with a performance pack of much firmer springs, shock absorbers and anti-roll bars as standard. Mine was a domestic version, straight out of the local dealership.

Goodyear was showing me the progress made in converting the American motorist—and the car makers—to radial ply tyres. The U.S. came late to the radial. Until the early 1970s this tyre was regarded as a European curiosity, unwanted in a country with thousands of miles of straight highways and a national hankering for the "boulevard ride."

Compelled to go radial for a variety of reasons mainly concerned with economy, the U.S. tyre and car industries made up for lost time. The first radials were not very good and the cars were not ready for them—radials need tuned suspensions to give of their best. I have unhappy memories of a Ford Thunderbird crashing and banging uncomfortably on steel belted tyres.

But judging by the cars I drove this time at San Angelo and on public roads, that has changed. The Goodyear 70 series radials on the Citation equalled any from Europe for ride comfort. Allowing for the over-soft suspension and low geared steering, they performed creditably in the wet.

I tried other cars, too. A Ford Mustang Cobra on Goodyear Wingfoots—the U.S. equivalent of European super-tyres like the Pirelli P6, Michelin TRX and Goodyear NCT—was fast and forgiving around the pylons. So was an older Pontiac Trans Am, with 60 series tyres giving ultra-sharp steering response.

Conventional wisdom in Europe still holds that American cars are too big and thirsty and we continue to take a patronising view of American tyres. I thought the Citation on its grippy Goodyears made such thinking out of date.

The U.S. car industry is not export minded. Even so, GM is selling the "X" car on mainland Europe. Given the chance of buying an air conditioned, automatic Citation or other "X" car for the price, say, of a comparably-sized Renault, Audi or Lancia, some European drivers are going American and liking it.

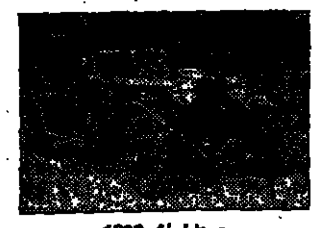
There are no plans to market the "X" cars in Britain simply because right-hand drive versions were not even considered at the design stage.

But no one produces left-hand drive cars as cheaply as the Americans; a fact that Europe's motor industry could one day learn to its cost.



## REGISTRATION NUMBERS





1929 4½-Litre Bentley

1927 Supercharged Mercedes



هكذا من الأصل

# HOW TO SPEND IT by Lucia van der Post

## Bedtime Story

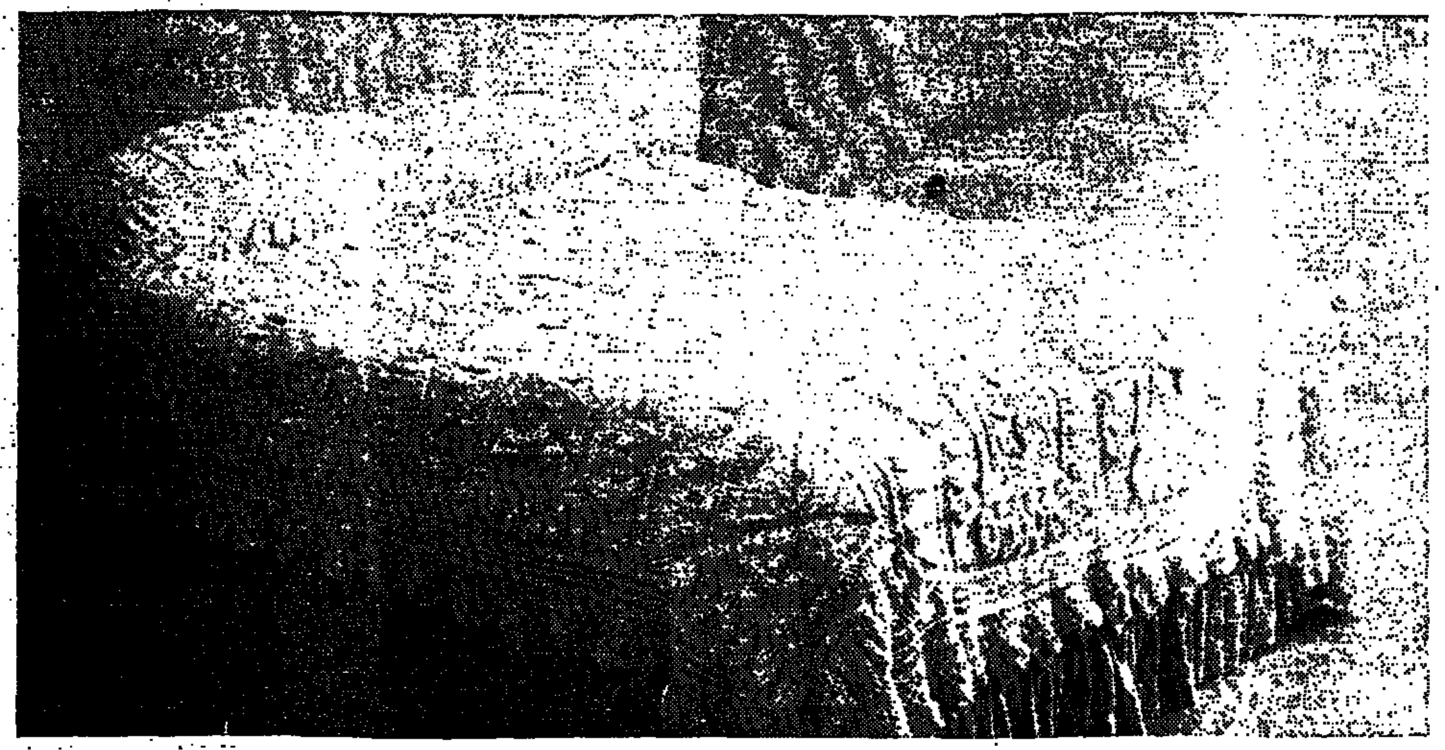
LAST WEEK I devoted the the whole of the How To Spend It page to ideas of things to make at home. However, I'm well aware that there are some readers who simply can't bear the idea of anything to do with *sewing, knitting, pasting, glueing* or anything that smacks of crafts or do-it-yourself.

*This week, therefore,* I thought that all those who hankered after one of those beautiful hand-knitted traditional bedspreads but really couldn't face the hours of work involved, might like to know where to buy them ready made.

The smart London shops, like Liberty, Harvey Nichols and Harrods, all have immensely attractive bed linen departments and can sell you almost anything you fancy—at a price.

However, Annie Cole who lives at 4 St. Simon's Avenue, London SW15 is able to sell bedcovers made from 100 per cent pure cotton, and hand-knitted in traditional patterns, to those who long to possess one. She herself has a family heirloom of a white hand-knitted cotton bedspread which is at least 150 years old and is still washed in the machine. It gives her such pleasure that she decided to draw up patterns so that she and a group of knitters could produce an almost identical version.

She now has a flourishing small cottage industry. Nobody makes a lot of money by hand-knitting but the interest and activity generated by the venture gives everybody concerned much satisfaction.

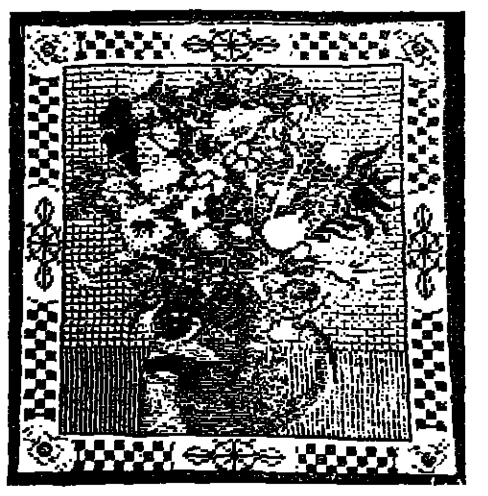


You can gain some idea of the beauty of the covers by the example photographed above. They come in various sizes—5 ft 6 ins by 8 ft (£120), 7 ft by 8 ft (£155), 8 ft 6 ins by 8 ft (£190), 8 ft 6 ins by 9 ft 6 ins (£225), 10 ft by 9 ft 6ins (£260). Recently Annie Cole has also introduced a pram cover for £24 and a cot cover for £45 while her cushions, again in the same raised leaf design, are £16. *If you want* to order by post directly from Annie Cole postage and packing is another £2.

If, however, you would like to see the bedspreads in reality first, three London shops sell them. Colefax and Fowler, 39, Brook Street, London W1; And So To Bed, 7, New King's Road, London SW6 and Penny Bee Interiors, 39b, High Street, Wimbledon, London SW19.

I DIDN'T have room last week to show the tapestries of Lillian Delevoryas but they are so beautiful that I felt I had to show them today. She is primarily a painter and her tapestries have a very special character all of their own which it is almost impossible to convey in black and white. In my view her great speciality is colour—this particular jug and flowers photographed right, is called "Pomegranate Bouquet" and is an almost Van Gogh-like explosion of colour.

*Her tapestries may be bought in kit form* from a variety of shops, including The Silver Thimble, Bath; Christine Riley of Stonehaven, Aberdeenshire; Windjammer Crafts, Salcombe, Devon; Jenners of Edinburgh; and the Royal School of Needlework, London. The kits vary from £8.85 for the small printed canvas designs to between £14 and £16 for large printed designs. Her exclusive hand-painted tapestries are very much more and my favourite, "Pomegranate Bouquet" is, at £62, one of the most expensive.



## Small and Special

*IF YOU either live in London* or are coming to the city to do some Christmas shopping and are looking for something particularly special then I do recommend that you make a journey to Ehrman, 123 Fulham Road, London SW3. It is a small shop but the two brothers Ehrman who run it have very discerning tastes and have managed to gather about them an exquisite collection of stylish and exclusive things.

Little in the shop is very cheap but because nearly everything is unique or special in some way, almost all of it is infinitely desirable. The least expensive items are probably the tapestry kits (including designs by Kaffe Fassett) but it is certainly possible to find a great many items under £20. In the higher price ranges there is very exclusive knitwear, silk blouses and jackets and cushions (they make lovely Christmas presents at about £42).

At the moment they have a special Christmas exhibition featuring the work of Michael Lloyd (silver and clocks), Sue Rangeley (bags, cushions, blouses and dresses), ceramics by Agalis Manessi and some watercolours by Jill Gordon. The exhibition is on until November 24 and almost all the work on show is really exquisite.

I love the ceramics by Agalis *Manessi—cats seem to feature* largely on many of the pots and jugs (if not cats, then fish) and the pot photographed, left, is typical of her work. This particular pot is about 5 inches high, 3 inches across and features a cat stretching and, on the other side, a parrot. It is £27.50 but some of her ceramics are as little as £14.00.

If you go to the shop look out for Michael Lloyd's silver—some enchanting and beautifully wrought silver beakers, not cheap at just over £200 but perfect for a very special present.


ILLUSTRATED above, is a Christmas stocking which any mother or grandmother (or even father or grandfather) who is feeling energetic and wants to make something personal, could embark on now and be confident of finishing well *before the appointed hour* of Christmas Eve. Clever knitters or crochet workers could, no doubt, devise such a simple scheme for themselves but for those of us who are less skilled there is a pack containing everything we might need—the red, white and green wool, the designs for knitting in the Father Christmas figure and the name at the top. If, on the other hand, you prefer to crochet you can do that instead. Instructions for knitted and crocheted versions are included.

*The* pack is by Bernat Ladyship and costs £4.25 from Harrods (who will post for 45p extra) and other good needlework shops and departments.

## Charity begins at home

AS THE stores get geared up to *their annual frenzy* for the hurly burly of Christmas, I become more and more convinced that the most civilised way to shop for presents is from the depths of one's own armchair. For the most strenuous aspect of mail order order shopping is sticking on the postage stamp.

And what better source of ideas than the many charities, for whom Christmas represents a major slice of their support. Help others while you help yourself. Most of the organisations listed below carry a range of greetings cards as well as gifts for adults and children.

The first step is obviously to send for the relevant brochures for you have no time to waste. *You must allow for the vagaries* of the post at this busy time of year, and even after receiving the catalogue, you should allow a good 28 days for delivery.

Write direct to the charities at the addresses given below, enclosing a large stamped addressed envelope (The Royal Society for the Protection of Birds prefers a 10p stamp only). Prices given below are not inclusive of postage and packing unless otherwise stated.

THE ROYAL SOCIETY FOR *THE PROTECTION OF BIRDS* (The Lodge, Sandy, Bedfordshire SG19 2DL). Bird-lovers might find themselves spoilt for choice here though they might be the only ones. There's all manner of goods on the feathered theme, from the usual cuff links, table mats, and paperweights to tapestry kits, soaps, engraved glasses, and of course nesting boxes, binoculars and reference books galore. Some clever ideas for the younger enthusiast like the free-flying Kestrel stunter Kite with a three-foot wingspan (£4.95), owl and mallard jigsaws which build up into free-*standing bird models* (£1.75 each) and for games players, The Bird Families Card Game (£1.20).

THE NATIONAL TRUST (National Trust Mail Order, Western Way, Melksham, Wiltshire SN12 8DZ). Only a token mail order list this year, including a handsome trio of individually hand-stamped and wrapped soaps showing replicas of 19th century designs. Choose from Eau de Cologne Cold Cream Soaps or Otto of Violet Hand Soaps (each £3 per box, *including* postage). The usual comprehensive range of Trust goodies is available at National Trust shops around the country which are well worth a visit. Telephone Melksham 704545 for details of your nearest branch.

SAVE THE CHILDREN FUND (*PO Box 40, Burton on Trent*, Staffordshire DE14 3LP). Packed with good ideas for all the *family, such as the Grow-in-the-*Box Mushroom Kit (£4.50 including postage) which gives about two months' crop; the Air Fern (60p), the plant you never need to water; the Car Wash Kit (£3.50), a hollow-handled brush that works on shampoo cartridges (pack of 12 supplied, £3.50); traditional Christmas Pudding (£2.10); and the Incredible Hulk punchbag, which stands 42 ins high (£2.40).

OXFAM (Oxfam Trading, Murdock Road, Bicester, Oxon, OX6 7SF). *Look out especially* for the excellent wood products. For the playroom, there's a bag of wax-finished building bricks (£4.99), and a host of games (Nine Men's Morris £2.10, Peg Draughts £2.10, Noughts and Crosses 85p) and to keep things orderly, a strong ply Utility Chest (£25.50).

FEONA McEWAN

# ARTS

## L'Amore dei tre re

Italo Montemezzi belonged to the post-Puccinian generation of composers. He is remembered for one opera, *L'Amore dei tre re*, first seen at La Scala in 1913, Serafin conducting. It reached London a year later, remaining at least in the Italian and American repertories until quite recently. Toscanini and de Sabata also conducted the work: singers associated with it include Garden, Ponselle, Rethberg, Gigli and Pinza. The libretto was based, by the author, on a play by Sem Benelli. The scene is 10th century Italy. The three kings of the title, really princes or chieftains, are firstly Archibaldo, an ex-Barbarian invader devoted to his warrior son Manfredo but now old and blind; secondly Manfredo himself, given as bride a local princess, Fiora, whom he adores; thirdly Avito, a dispossessed Italian prince formerly betrothed to Fiora and still in love with her.

The text has a heavy shot of second-hand Maeterlinck—both the symbolism and the latent violence. While Manfredo is away fighting, Fiora returns to her old love, is surprised by her father-in-law, the King. He goads her into confession then strangles her. Kobbe (1954 edition) suggests a deeper meaning—"the three kings are in love with Italy, represented by Fiora, who hates and scorns the conqueror of her country . . . (she) coldly turns aside from Manfredo, his son and heir . . . hotly loves, and dies for a prince of her own people. . . ." But Archibaldo's concern for Manfredo and Manfredo himself are represented sympathetically, while Fiora's and Avito's passion is shown not as enduring love but as naked lust, to be gratified even on the castle battlements where she has been waving farewell to the departing Manfredo.

In the third and last act sensationalism comes to the surface. In the castle crypt the body of Fiora is laid on a bier, mourned by weeping women. When they have gone, Avito glides in to steal a last kiss, throws himself on the corpse unwittingly absorbing poison smeared on the mouth at the king's orders, to catch the lover. Manfredo finds Avito writhing, cannot bring himself to kill him, and in desperation sucks the last drop of poison from the dead lips. The blind king totters in, stumbles over a body, believes he has found the culprit but discovers his beloved son, at the point of death.


Neil McKinnon and Magdalena Cononovici

Montemezzi's style (to judge from this opera) is an amalgam of Puccini, Debussy and Strauss. Unlike many composers who reacted rather impotently against Puccini, he has no inhibition about tunes; unlike Puccini, he does not ram them home. The score is packed with spice, scent and touches of decorative colour. The pacing is good: Montemezzi can be concise and can expand lyrically at the right moment. One thing he lacks is the thrift of great pros like Massenet or (again) Puccini: neither of them would have spent such attractive material at the outset on the minor character of Flaminio. Perhaps the nearest point of comparison is the almost exactly contemporary Wolf-Ferrari, and beside that minor master Montemezzi appears a little meretricious — Wexford might prove the point one way or the other by doing, say, *La vedova scaltra*.

However one rates the piece, on a not exalted level *L'amore die tre re* works. It deserves an airing provided it is well done: Wexford justified the choice by an effective performance, gobbled up by the audience, necrophily and all. The king, Archibaldo, was the Portuguese bass Alvaro Malta, rich-voiced and touching except when he allowed top notes to harden. Lajos Miller, a vigorous baritone from Hungary, sang the son, Manfredo. As Avito, rival for Fiora's affections, Neil McKinnon endangered a potential heroic tenor of some strength by pushing too hard. Bonaventura Bottone sang the second tenor part (Flaminio) charmingly.

One imagines that the divas of the inter-war period lavished vocal and physical charm on the role of Fiora. The Rumanian Magdalena Cononovici, without any attempt at whitewashing the character, sang strongly and efficiently. No magic, no loose ends. Stewart Trotter's production skilfully avoided possible embarrassment. Douglas Heap's sets were simple, solid, sufficiently suggestive. Pinchas Steinberg was the excellent conductor.

RONALD CRICHTON

## Sensitive areas

BY ANTHONY CURTIS

The more sensitive the area the livelier the broadcast. No one could accuse those in charge of the current affairs end of the output of evading the controversial. In the past week listeners have heard investigations into how the Government cuts may reduce facilities for the blind and the disabled on *In Touch* and *Does He Take Sugar?* They have had their minds directed to the suffering of animals in the cause of scientific research and their ear-drums shattered by the new belligerent wave of anti-vivesection protest in *File on 4*. They have been lectured on the African condition by a black Amerian academic in this year's Reith lectures. The talks promise to raise as many hackles as those by Dr. Norman though from a different orientation. They have over-heard an urbane wide-ranging conversation between Lord Carrington and Brian Beedham of the Economist on that billion pound subscription to the Common Market, on the Lancaster House conference, on Soviet military strength and other wounds into which Salt has been poured. I found all these programmes compelling. I only wish I could say the same for the cultural part of the output which (with notable exceptions in music) has become muscle-bound with too many repeats, pointless anthologies, and sick plays.

The most sensitive area of all is the affairs of Parliament and the access to the medium of radio granted to politicians. *The Week in Westminster* has just celebrated its 50th anniversary with a retrospective view of relations during that time between Westminster and Portland Place. It was called *The Odd Couple* (two men of irreconcilable temperaments sharing a flat in the original comedy). It was narrated by Robert Carvel, sounding like Dr. Kildare at the bedside of a terminal patient, and produced by Caroline Millington. The first brush with the Government came before the programme had even started during the General Strike when Reith and Churchill locked antlers. A year or so later the Beeb gingerly put a toe into the muddy waters of political broadcasting in a series of weekly talks by women MPs on happenings in the Commons with warnings to them about taking an impartial stance. Producer Archie Gordon (now Marquis of Aberdeen) recalled the risible formula.

After this genteel beginning the programme soon became a fixture. It really came of age in 1966 with the present format, involving heated discussions between back-bench rivals and ministerial interviews. It has always been in the unenviable position, as has the Corporation itself, of having to rely for its revenue on a Government whose follies it is its duty to expose as searchingly as it can. Pressure from Downing Street has not always been resisted as implacably as in recent years. Baldwin and his colleagues were anxious about a proposed series of talks on the Citizen and his Government. They succeeded in getting them shelved. One producer of the show who did refuse to give in to pressure over who should appear on it was a restless but highly competent chap called Guy Burgess. He is on record as declaring he was not going to be dragooned into using "trade union dug-outs" against lively young tories like Quintin Hogg. Well said, old mole!

The supreme moment of defiance of the Government of the day came during the Suez crisis. The scenario of what happened then inside Broadcasting House was spelt out fully for the first time on Tuesday. Eden tried as hard as he could to deny Gaitskell the right of reply to his forest fire speech. He appealed to his old Foreign Office friend Alexander Cadogan, the recently appointed Chairman of the Governors, to give him a week clear of backlash on the air in which to topple Nasser. The appeal was ignored not so much by Cadogan as by the top echelon of the BBC staff with the blood of Reith tingling in their veins. However there was a fiscal price to pay in punitive retrenchment later.

Since those stormy days the odd couple has had several equally bitter tiffs particularly the one about *Yesterday's Men* over which Lord Hill seemed, when questioned, surprisingly unrepentant. Meanwhile *The Week in Westminster* has been enlivened in the past 18 months by being able to penetrate both Houses during the course of Question Time and important debates.

From today at 10.30 am parliamentary coverage will be extended further in a new weekly programme called *Inside Parliament* with longer extracts from speeches and particular reference to the work done by MPs in Committee. The last barrier, put up by diehards against the televising of Parliament, has still to be breached, but that it will be soon seems inevitable. Live TV coverage as a part of the everyday democratic process was urged strongly in the anniversary programme by both the Home Secretary and the Director-General.

## The British string quartet

BY MAX LOPPERT

Into four recitals on four successive Thursdays at the Purcell Room, the Park Lane Group and the Medici Quartet have compressed a remarkable and valuable series entitled "The British string quartet." It is not claimed as a complete survey of 20th century "best"—dubious proposal in any case—so much as a demonstration, in an interestingly calculated mixture of masterpieces, brave experiments, renewals of tradition, and recent developments, of the diverse and fruitful ways in which the medium has taken hold in this country.

In the first half of Thursday's recital, first of the four, we heard Alexander Goehr's Third Quartet (1975) and Elizabeth Lutyens' *Doubles* (1978). I wrote about the premières of both works in these columns; it was a pleasure to hear them a second time, and to discover that the rewards they offer are even more substantial than at first they seemed. The former comprises a sustained, mature example of what I love about Goehr's music: its manner of casting detached backward glances at past traditions of music that are at the same time bold new ways forward; its art of appearing to deny itself the luxuries of colour-for-its-own-sake while proposing its arguments in sonorities and textures of pellucid, beautifully "heard" quality. The Third Quartet has been widely described, as Brahmsian, lyrical, relaxed in its touches of triadic euphony. The description, though fair, does less than complete justice to the complexity of the music, its ability to offer itself for view from several widely separated vantage points while remaining deceptively simple and serene in statement. It was a good piece with which to begin the series.

The Medici players had not wholly comprehended its peculiar qualities to judge from a performance full-blooded in sound and consistently too full-throated in dynamics; *p* and *pp* markings in the score passed by mostly unheeded. (Was the fault once again the peculiar Purcell Room acoustics, which always require extra attention to and exaggeration of soft tone?) Of the Lutyens, a tissue of the composer's finest and sparest threads, they gave a more delicate account; but Elgar's single quartet op. 83, which wavers uneasily between the forthright string writing of the Introduction and Allegro and the withdrawn, private utterances of the Cello Concerto, properly demands a more considered handling. The lusty tone and youthful energy were admirable; the unwillingness to vary them less so.

## Arts news in brief

Basil Deane, professor of music at Manchester University, a member of the Arts Council and chairman of its music advisory panel, is to be music director. Mrs. Jane Nicholas, who has been acting director of dance since the end of April, is to be dance director. Eric Thompson will continue as acting music director until Professor Deane takes up his appointment early next year, and will then become deputy music director.

*

Thom Gunn will give a reading from his new book *Selected Poems 1955-75* (published by Faber, hardback—£5.20, paperback—£2.50) at the Arts Council shop, 8, Long Acre, London, WC2 at 5.30 pm on Monday, November 12.

# TV/Radio

## BBC 1

† Indicates programme in black and white

9.05 am The World of Rugby. 9.30 Multi-Coloured Swap Shop. 11.30 The Lord Mayor's Show. 12.12 pm Weather.
12.15 Grandstand: Football Focus (12.20); Racing from Cheltenham (12.50, 1.25), Boxing (1.10) Mike Barrett's promotion; Rugby Union (1.45) Scotland v. New Zealand; Table Tennis (3.30, 4.10) The Jeep (UK) International Invitation Tournament. 3.45 Half-time Football Scores. Figure Skating from Lake Placid (3.50). 4.40 Final Score. 5.05 Officer Pooch.
5.15 News.
5.25 Sport/Regional News.
5.30 The Basil Brush Show.
6.00 Dr. Who.
6.25 Larry Grayson's Generation Game.
7.20 Secret Army.
8.15 Shirley Bassey.
9.00 News.
9.10 Royal British Legion Festival of Remembrance.
10.40 Match of the Day.
11.40 Parkinson with guests.

All regions as BBC-1 except at the following times:—

Scotland—4.55-5.05 pm Scoreboard. 5.25-5.30 Scoreboard. 10.40 Sportscene. 11.10-11.40 Scotch and Wry. 12.40 am News and Weather for Scotland.

Wales—5.25-5.30 pm Sports News Wales. 12.40 am News and Weather for Wales.

Northern Ireland—4.55-5.05 pm Scoreboard. 5.25-5.30 Northern Ireland News. 12.40 am News and Weather for Northern Ireland.

## BBC 2

11.40 am-12.30 pm Open University.
1.50 Aladdin and His Magic Lamp (cartoon).
2.55 Play Away.
†3.25 Saturday Cinema: "San Francisco" starring Clark Gable and Jeanette MacDonald.
5.15 Horizon.
6.05 Open Door.
6.35 A Diary of Britain.
7.15 News and Sport.
7.30 Ulster Gala Prom (simultaneous with Radio Ulster stereo).
9.00 Film International: "Una Giornata Particolare" starring Sophia Loren and Marcello Mastroianni.
10.45 News on 2.
†10.50 Midnight Movie: "Not As A Stranger" starring Olivia de Havilland and Robert Mitchum.

## LONDON

8.40 am Sesame Street. 9.40 The Beachcombers. 10.05 Supermen. 10.30 Tiswas.
12.30 pm World of Sport: 12.35 On The Ball; 12.55 International Sports Special (Part 1) Highlights of the Darts World Cup; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Doncaster; 1.45, 2.15 and 2.45 from Windsor; 3.10 International Sports Special (Part 2) Conclusion of Darts World Cup; 4.00 Wrestling; 4.50 Results Service.
5.05 News.
5.15 Happy Days.
5.45 Chips.
6.45 Mind Your Language.
7.15 The Incredible Hulk.
8.15 Freddie Starr's Variety Madhouse.
9.00 The Professionals.
10.00 News.
10.15 Two People.
11.15 Saturday Night People.
12.15 George Hamilton IV.
12.30 am Close: Personal Choice with Dame Flora Robson.

All IBA Regions as London except at the following times:—

### ANGLIA
9.35 am Talking Bikes. 10.05 The Woody Woodpecker Show. 10.30 Saturday Banana. 12.00 The Best Disco in Town. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 12.00 At The End Of The Day.

### BORDER
5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 John Wayne Film: "El Dorado." 11.15 Celebrity Concert (Al Martino).

### CHANNEL
5.15 pm Puffin's Pla(i)ce. 5.18 Cartoon. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 Target The Impossible. 11.45 Barney Miller.

### GRAMPIAN
9.00 am About Gaelic. 9.30 Sesame Street. 12.00 midnight Reflections.

### GRANADA
9.25 am The Do-Gooders. 10.05 Valley of the Dinosaurs. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 The Late Film: "Untamed," starring Tyrone Power and Susan Hayward.

### HTV
9.00 am Parent's Day. 9.25 The Beachcombers. 10.05 Batman. 5.15 pm Cartoontime. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 12.00 The Electric Theatre Show.

HTV Cymru/Wales—As HTV General Service except: 5.30-6.00 Pws Fase'n Maddwl.

### SCOTTISH
9.35 am Cuir Car. 10.05 Adventures in Rainbow Country. 5.15 pm Dinah Saur. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 Late Call. 11.20 Soap. 11.50 George Hamilton IV.

### SOUTHERN
9.00 am Sesame Street. 10.00 Regional Weather Forecast. 10.05 Superman. 10.30 The Saturday Banana. 12.00 Makin' It. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 Southern News. 11.20 Vegas.

### TYNE TEES
9.00 am Saturday Shake Up. 9.05 Lucan. 9.55 Saturday Shake Up. 10.05 The Monkees. 10.30 Saturday Shake Up. 10.50 The Saturday Movie: "Trapped Beneath the Sea." 12.20 pm Saturday Shake Up. 5.15 Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Man Who Shot Liberty Valance." 11.15 The Curse of the Crimson Altar. 12.40 am Epilogue.

### ULSTER
10.10 am Talking Bikes. 10.35 Chopper Squad. 11.30 Sesame Street. 5.00 pm Sports Results. 5.15 Cartoon Time. 5.30 Mind Your Language. 6.00 John Wayne Movie: "El Dorado." 11.15 The New Avengers.

### WESTWARD
9.25 am The Saturday Morning Picture Show: "The Captain's Table," starring John Gregson and Peggy Cummins. 10.55 Look and See. 11.00 Untamed World. 11.25 Gus Honeybun's Birthdays. 11.30 Space 1999. 12.27 pm Westward News. 5.15 Westward News and Sports Results. 5.18 Cartoontime. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 Saturday Night in the West. 11.45 Barney Miller. 12.10 am Faith for Life. 12.15 West Country Weather and Shipping Forecast.

### YORKSHIRE
9.00 am Spiderman. 9.20 Logan's Run. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "El Dorado." 11.15 "The Specialists."

## RADIO 1

(S), Stereophonic broadcast, ‡ Medium wave.

5.00 am As Radio 2. 7.00 News. 7.03 Playground. 8.00 Ed Stewart. 10.00 Tony Blackburn. 1.00 pm Adrian Juste (S). 2.00 Paul Gambaccini (S). 4.00 Rock On (S). 5.30 It's Rock 'n' Roll (S). 6.31 In Concert (S). 7.30 Peter Powell. 10.00 Al Matthews. 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary: Weather. 5.02 Paddy O'Byrne (S). 8.03 Racing Bulletin. 8.05 David Jacobs (S). 10.02 Pete Murray (S). 12.02 pm Faith Brown with Star Choice (S). 1.02 The News Huddlines. 1.30-6.00 Sport on 2: Victorian Special (1.30, 1.50, 2.05, 2.45, 3.05, 4.50, 5.30) All Blacks v Scotland, plus news of Country Championship Games; Cricket (1.30, 5.30) Australia v England; League Football (1.30, 2.40, 3.25, 3.45, 3.50, 4.45 plus 5.30, 5.45 classified checks); Racing from Doncaster (1.30, 1.55, 2.55, 4.50 and at 5.45 classified check); Sports Report (5.00). 6.03 European Pop Jury. 7.02 Beat the Record (S). 7.30 Radio 2 Top Tunes (S). 8.15 Royal British Legion Festival of Remembrance (S). 9.00 Saturday Serenade (S). 9.30 Big Band Special (S). 10.02 Nordring Festival 1979 (S). 11.02 Sports Desk. 11.10 Ray Moore with The Late Show (S), including 12.00 News. 2.02-5.00 am You and the Night and the Music with Bill Rennells (S).

## RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Alistair Cooke's 1940s (S). 1.35 Baroque Concertos (S). 2.00 Play It Again (S). 3.00 Schoenberg (S). 3.45 Critics' Forum. 4.35 Bowdon Festival 1979 (S). 7.30 Scottish National Orchestra, part 1: Brahms (S). 8.20 Lazarus: Heine's poetry in translation. 8.40 Scottish National Orchestra, part 2: Schoenberg (S). 9.30 Perelman's Revenge: Portrait of S. J. Perelman. 10.35 Two Little Symphonies by Gounod, Martin (S). 11.15 Ivor Gurney: The Poet and his Songs: A biography, in five parts (S). 11.55-12.00 News.

## RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.40 Today's Papers. 8.45 Yesterday in Parliament. 8.55 A Party Political Broadcast by the Labour Party. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service. 10.45 Pick of the Week. 11.35 International Assignment: Alaskan Oil. 12.00 News. 12.02 pm Money Box. 12.27 The News Quiz (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Saturday-Afternoon Theatre (S). 3.25 Smith on Saturday (S). 4.00 Does He Take Sugar? 4.30 News. 4.32 There Were Giants In Those Days. 4.40 Time For Verse. 4.40 The Magic of Music (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs with Marti Caine. 6.55 Stop The Week With Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Encore. 11.00 Lighten Our Darkness. 11.15 Instant Sunshine And . . . (S). 11.45 Just Before Midnight. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, weather, traffic, sport. 8.15 Weekend What's On. 8.30 London Country. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Close: As Radio 2. 6.03-6.00 am Joins Radio 2.

## London Broadcasting

7.00 am AM with Dickie Arbiter. 10.00 Jellybone. 1.00 pm Sportswatch. 6.00 The London Interview. 7.00 Good Music. 8.00 Monty at Large. 9.00 London Rules. 9.30 Hugh and You. 10.00 Nightline. 1.00 Night Extra. 6.00 Morning Music.

## Capital Radio

6.00 am Kerry Juby's Breakfast Show (S). 9.00 Capital Countdown (S). 12.00 Kenny Everett (S). 3.00 pm Duncan Johnson's Afternoon Delight (S). 6.00 Soul Spectrum (S). 8.00 Roots Rockers (S). 9.00 Six of the Best (S). 12.00 Mike Allen After Midnight (S). 4.00 am The Collection (Classical Music) (S).

## TV RATINGS w/e Nov. 4

UK TOP 20 (viewers m)

| | | |
|---|---|---|
| 1 | To The Manor Born (BBC) | 21.40 |
| 2 | Shoestring (BBC) | 17.65 |
| 3 | Blankety Blank (BBC) | 17.55 |
| 4 | Generation Game (BBC) | 17.00 |
| 5 | Roots (BBC) | 16.85 |
| 6 | Citizen Smith (BBC) | 15.25 |
| 7 | Are You Being Served (BBC) | 15.00 |
| 8 | Top Of The Pops (BBC) | 14.95 |
| 9 | It's A Knockout (BBC) | 14.00 |
| 10 | Secret Army (BBC) | 14.00 |
| 11 | Mike Yarwood In Persons (BBC) | 13.85 |
| 12 | The Two Ronnies (BBC) | [illegible] |
| 13 | Coronation St. (Wed.) (Gran.) | 13.75 |
| 14 | London Night Out (Thames) | 13.40 |
| 15 | 3-2-1 (Yorks.) | 13.30 |
| 16 | Dr. Who (BBC) | 13.15 |
| 17 | Last of the Summer Wine (BBC) | 13.05 |
| 18 | Coronation St. (Mon.) (Gran.) | 12.85 |
| 19 | The Professionals (LWT) | 12.70 |
| 20 | Only When I Laugh (Yorks.) | 12.60 |

Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen Ratings)

| | | |
|---|---|---|
| 1 | Jaws (film) (ABC) | [illegible] |
| 2 | Three's Company (comedy) (ABC) | [illegible] |
| 3 | Sixty Minutes (news) (CBS) | [illegible] |
| 4 | MASH (comedy) (CBS) | [illegible] |
| 5 | Dallas (drama) (CBS) | [illegible] |
| 6 | Mork and Mindy (comedy) (ABC) | [illegible] |
| 7 | Little House (drama) (NBC) | [illegible] |
| 8 | Taxi (comedy) (ABC) | [illegible] |
| 9 | W.K.R.P. In Cincinnati (comedy) (CBS) | [illegible] |
| 10 | Dukes of Hazzard (comedy) (CBS) | [illegible] |

## CHESS SOLUTIONS

**Solution to Position No. 293**

1 B-N6, R-R3; 2 RxRP, R(1)xR1; 3 BxN, RxB; 4 BxB, RxR ch; 5 QxR, QxQP! and White resigned. If 6 QxQ, R-R8 ch mates or if 6 Q-K1, QxB with an easy win.

**Solution to Problem No. 293**

1 N-K3. If 1 ... PxB; 2 Q-Q6; KxN; 3 Q-N3, or if K-B6; 3 Q-B3. If 1 ... P-B5; 2 Q-Q6, P-B6; 3 B-B5. If 1 ... KxB; 2 K-Q2, P-B5; 3 Q-Q6.



CINEMAS ARE CONTINUED ON PAGE 23

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# COLLECTING

## Treasure house

BY JUNE FIELD

"I'M AFRAID we will have to cancel the Fair, Mr. Levy." These were the blunt words that faced the chairman of the Grosvenor House Antiques Fair at the end of a drawn out industrial dispute at London's Grosvenor House in June this year.

George Levy, who runs Blairman and Sons, dealers in works of art in Mount Street, London, did not remain despondent for long. He wrote to Mr. Michael Heseltine, Secretary for the Environment, to ask if an exhibition could be put on at Somerset House.

Agreement came in record time, and through the sponsorship of Trust House Forte's Grosvenor House board, and the keen personal interest of Sir Charles Forte, the Somerset House Art Treasures Exhibition was under way.

In the magnificent setting of the Fine Rooms at the "new" Somerset House in the Strand, designed in 1775 by Sir William Chambers and scene of the first Royal Academy exhibition five years later, the latest undertaking promises to be something unique in the art and antique calendar.

Mr. Levy sees it "as the recognition of private enterprise standing up without a demand on the over-burdened taxpayer." The show will be self-financing, with any profit donated to the acquisition of a work of art for the nation.

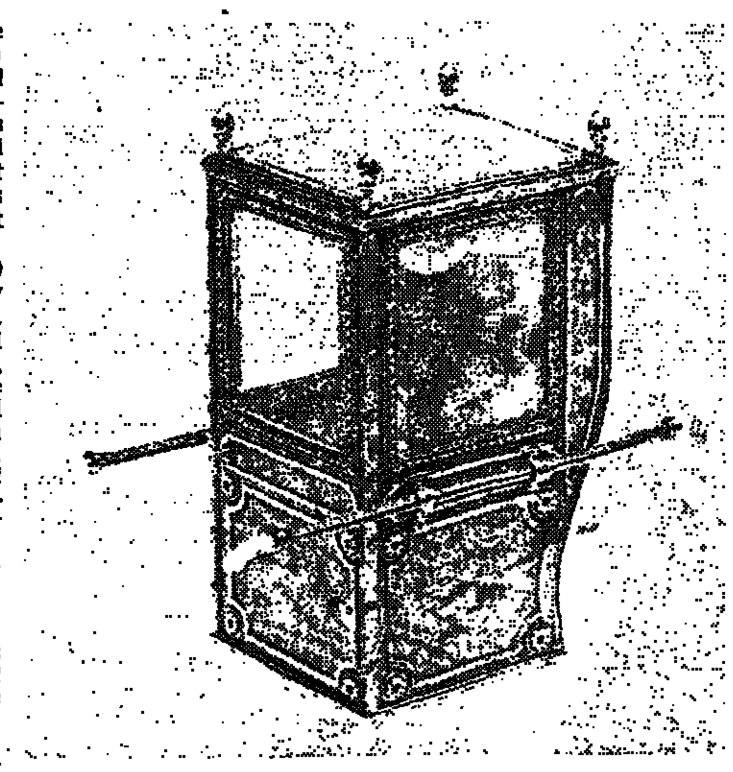
The exhibition will be opened by the Duke of Edinburgh, running from Thursday, November 22, to Sunday, December 9, (weekdays 10 am-7 pm, Sundays 12 noon-6 pm), admission by catalogue £2.50; while the 200 or so exhibitors are paying about £50 for each object displayed, all of which will be for sale. (There will not be any price tickets — the organising secretary will have a list of what the items can be bought for.)

For unlike the Grosvenor House Fair, where exhibits are on individual stands, and so often repetitiously duplicated (all those interminable double-domed walnut bureau cabinets and chinoiserie - decorated lacquer pieces), at Somerset House sumptuous room settings are being designed by architect Alan Irvine.

There is no ubiquitous 1830 dateline either, with quality rather than age the criterion. As well as superb English and French furniture, fine old glass, Chinese porcelain, antique jewellery, tapestries and Old Masters, there will be such splendours as Dégas bronzes, *Impressionist paintings*, and contemporary work by Sutherland, Hockney and Henry Moore.

No turn-of-the-century furniture dealers have taken up the invitation to participate yet, which is rather a pity.

In addition to glittering loans from the Royal family and leading museums, one of the highlights will be the collection of Fabergé put on by Wartski's. The work of the brilliant goldsmith and jeweller has been painstakingly documented by A. Kenneth Snowman, Wartski's chairman, the world's leading expert on Fabergé (1846-1920).



He organised the enormously successful Silver Jubilee exhibition at the Victoria and Albert Museum in 1977, which included objects from the Royal Collection at Sandringham, and is author of *The Art of Carl Fabergé* (Faber and Faber 1973).

His latest book is Carl Fabergé miniature sedan chair featured in A. Kenneth Snowman's Carl Fabergé—Goldsmith to the Imperial Court of Russia (Studio Vista/Christie), which will also be on show in the Somerset House Art Treasures Exhibition to be opened by the Duke of Edinburgh on Thursday, November 22.

*Fabergé — Goldsmith to the Imperial Court of Russia* (Debrett's Peerage £12.95, plus £1.50 postage from Mr. Snowman, Wartski, 14 Grafton Street, London, W1).

It is a scholarly distillation of years of experience studying and dealing in the dazzling *array of jewels, picture frames*, boxes, animals, flowers and innumerable exquisite *objets de fantasie* plus the famous Russian Imperial Easter eggs made for the Tsar to give to the Tsarine on Easter morning, and during *the reign of Nicholas II*, to his mother, Mari Feodorovna, sister of Queen Alexandra.

Some delightful anecdotes are recalled, including the one where a British collector threw an Imperial egg (the rosebud design), in a fit of fury at his American wife "a performance which did little to improve relations between the two or indeed the condition of the egg."

## BRIDGE

E. P. C. COTTER

IN THE Bermuda Bowl, when America played The Far East, this hand was dealt by West with East-West vulnerable:

In room 1, where the Americans sat East-West, they played the hand in five hearts doubled, which was made because of the blocked spade suit for a plus score of 850.

In this room, where the Americans had the North-South cards, West bid one heart, East raised to three *hearts*, and South jumped to four spades. This was doubled by East, and all passed.

This could well have been a double game swing, but superb defence by The Far East managed to beat the contract.

*West led the nine of hearts*, a suit preference signal for a diamond return. East may have been surprised to find himself

N.
♠ A
♡ 10 6 5
◇ A J 10 3
♣ 9 6 4 3 2

W.
♠ 8 7 3
♡ A J 9 7 2
◇ —
♣ A J 10 8 7

E.
♠ J 5 2
♡ K Q 4 3
◇ 8 7 4 2
♣ K Q

S.
♠ K Q 10 9 6 4
♡ 8
◇ K Q 9 6 5
♣ 5

in with the heart Queen, but he was not too surprised to return the diamond two. West ruffed with the spade seven, but the contract would still have been made if West had not decided rightly that the diamond two was another suit preference signal. For a second time he underled an Ace, returning the club ten. East took the trick with the Queen, and the diamond return allowed West to make another ruff and put the declarer one down.

If East-West had failed to *beat the contract, the Americans* would have gained 16 IMPS on the board. As it was, they gained only 13. The fine defence of East-West had been rewarded with a beggarly 3 IMPS. This is one of the failings *of the IMP scale—if the same* team makes two blunders on the same hand, they get a reduction for the quantity!

*Italy met America in the* final, and no account of this match would be complete without reference to this hand on which the World Championship depended:

East dealt at game to East-West, and after three passes

N.
♠ A K 10 8 6 2
♡ Q J 10
◇ Q 7 2
♣ K

W.
♠ 3
♡ A 9 8 7 3
◇ 6 5
♣ Q 10 9 5 3

E.
♠ Q 7 5 4
♡ 6 5
◇ K 10 4 3
♣ A 4 2

S.
♠ J 9
♡ K 4 2
◇ A J 9 8
♣ J 8 7 6

North opened the bidding with one spade. South replied with two clubs. North rebid spades, South said two no trumps, and North raised to three no trumps.

In the other room America in the same contract went two down after a club lead from West for minus 100. Their lead was a mere 7 IMPS, which meant that if the Italian South made three no trumps, Italy would win the Championship. This hand was seen on Vu-graph by nail-biting spectators.

Put off by the club bid, West led the heart seven to the King, and South at once ran the spade Knave, which held. When he continued with the nine, West's failure to follow showed that there was no further joy in the suit, so he took with dummy's King, and led the diamond Queen, which was covered by King and Ace.

A heart return put West in with the Ace, and he switched to a club—he now knew his partner must have the Ace. East won and led back the four to his partner's nine. If West now cashed the Queen, he would make it easy for the declarer, so he put dummy in with another heart. South cashed the spade Ace, led a diamond and finessed the nine, but the Knave did not drop the ten, and he went one down. America had won by 5 IMPS!

● Don't forget the bridge minicruise for November 24 to 30. Fly to Genoa and return to Southampton on the Achille Lauro. I hope to see some of you on board. *For details ring* 01-837 2157.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000
Saturday November 10 1979

# The test of resolve

"THE ESSENTIAL condition for maintaining confidence in our currency is a Government determined to maintain the right fiscal and monetary policies. That we shall do."

These were the Chancellor's unequivocal words when he announced the abolition of exchange controls on October 23. Now, less than three weeks later, the Government is facing something like a crisis of confidence in the financial markets.

So far, the impact has not involved the exchange rate. However, the fact that the pound is now a petro-currency would not support it for long if the suspicion grew that the Government commitment to monetary policy was shaky, or that the fiscal balance was out of control.

### Distortions

The evidence is at the moment confusing. The very bad banking figures published on Thursday reflect a number of very large distortions—the delayed payment of VAT, the financing of large once-for-all tax rebates, the impact of the engineering strike, the delayed collection of telephone bills, and the continued effect of the July relaxations of exchange controls. It is possible, then, that the October figures will prove as deceptively bad as the September ones were deceptively good; butthe City's provisional judgment is clear. Government stocks have now fallen more than 11 per cent in value at the long end since the last official tap sales were made; and the Treasury bill tender yesterday was consistent under the old formula with a 15½ per cent minimum lending rate. These numbers are eloquent.

### Confidence

These movements have been widely discussed in terms of exchange freedom, and there is no doubt that the option to buy foreign stocks has made the London market quicker to adjust to changes in confidence about the domestic economy. However, the possibility of a credit crisis at this time has been on the cards since June. Eighteen months ago Mr. Healey introduced a Budget which set the borrowing requirement at what we judged to be a dangerously high level. Exactly a year ago, his chickens came home to roost. After an independent increase in base rates by the banks, minimum lending rate was rased by 1½ points on November 9.

In June this year Sir Geoffrey Howe introduced his first Budget, and again the borrowing requirements seemed to be courting risks with monetary control. On a cynical view we are just one week behind Mr. Healey's timetable.

There are, however, also some striking contrasts. Mr. Healey's monetary target was not intended to be at all fiercely deflationary against the then expected growth of prices and money incomes, and had not proved so up to that point. This year a similar monetary target is much tighter in real terms. The shortage of housing funds and the melancholy parade of proposed factory closures are clear evidence that existing policies are biting. In these circumstances it is naturally tempting to regard the October banking figures as an aberration, and to recall that it was always expected that it would be six months before public and private borrowing responded to Government policy.

However, as the Chancellor himself said on October 23, financial confidence is central to the whole strategy of the present government; and confidence cannot be maintained by pleading for the benefit of every doubt, and following reluctantly in the wake of the market. This is especially true at this moment. Within the next 10 days, and probably as soon as next Thursday, the Government must announce its future monetary targets and the means by which it proposes to achieve them. This announcement will only carry credibility if it is clear that the Government has stomach for the fight.

### Interest rates

Exchange controls are relevant here; for as the City has unanimously concluded, exchange freedom has effectively disarmed one of the main existing weapons of monetary policy, the banking "corset." Would-be borrowers can simply turn to offshore banks. This throws an extra burden on interest rate policy.

There can be no doubt, then, that the market expects action, and quickly. Mr. Healey, in this situation, would no doubt have been preparing his umpteenth emergency Budget. The present Government has already reasserted its long-term determination to cut spending and borrowing, though its first steps, announced in the spending White Paper, have not impressed investors.

The next step must be on interest rates. If the monetary figures are deceptive, and the widespread signs of recession a better guide, rates will soon begin to ease of their own accord; but first the Government must show that it understands, as other governments have had to learn, that a vote of confidence in the markets is earned by action, not rhetoric.

# Thorn's EMI bid: leaping for a technology springboard

BY JOHN LLOYD and GEOFFREY OWEN

THE CITY, sceptical over Thorn's £144m bid for EMI when it was first announced over three weeks ago, became even sourer when the bid was raised to £169m earlier this week to secure board approval.

The company's share price has fallen sharply. Analysts and commentators have tended to agree that the bid overvalues EMI; that Thorn lacks the skills required to turn the oddly heterogeneous entertainment/medical/defence company round; and that one of the two major reasons given by Thorn for the acquisition—to use EMI's music and recorded entertainment base as a software feed-in to its television hardware—was a rationalisation of the second, real reason, its need for the high-technology skills embodied in EMI's defence and non-medical electronics divisions, and in its research centre.

Sir Richard Cave, Thorn's chairman, says he expected this reaction and that he is not worried by it. It is, he thinks, a classic instance of short-term City thinking running counter to the longer term plans of a large corporation. "On the merger between television and software, we are thinking ahead to the mid eighties—and I mean mid eighties; it won't pay off in the next two or three years. It is a risk, but everything you do is a risk. The City likes it when you buy companies in the U.S.—but they're just as likely to go wrong as this—more likely in some cases."

While admitting its risk, however, Sir Richard has been concerned to place the acquisition of EMI squarely within the lines of development for his company which he has been elaborating since succeeding Sir Jules Thorn, the company's founder, as chairman three years ago.

## Establishment of priorities

During the first year or so Sir Richard established a number of priorities. One was to move towards a more logical relationship between a strong but more corporate headquarters and decentralised subsidiaries. Second, he brought in sophisticated planning systems "to get the company used to thinking further ahead."

Third, he saw the need to move the company into areas of higher technology. "Thorn has been marvellous at improving other people's products," says Sir Richard; "It was one of the best production engineering companies I had ever seen." It was basically an electrical company; Sir Richard wanted to extend its commitment to electronics and to do more innovative research of its own. Fourth, Thorn was a UK company with Commonwealth links; it needed a wider international spread, especially in the U.S. and Western Europe.

Sir Richard resolved to expand the businesses which showed a high return, but not to be afraid of disinvesting from other sectors; in engineering, where a number of not very logical acquisitions had been made, some sorting-out was clearly necessary. He looked for opportunities to enlarge Thorn's stake in TV rental, both in the UK and on the Continent; the bid for Locatel in France, currently blocked by a monopolies inquiry, is one example.

As for high technology, Sir Richard made a careful study of the U.S. market. One particular area of interest was industrial controls, where Thorn's existing UK business (including Thorn Automation, making digital control systems, and Avo, making measuring instruments, needed an injection of higher technology. After making two small U.S. acquisitions in 1978, Thorn recently moved into a bigger league with the purchase of Systron-Donner, a California-based instrument and measurement business. Thorn is now one of the main challengers to the market leader in this field, Hewlett Packard of the U.S.

The U.S. acquisitions were a way of giving the company the high-technology base which it lacked, but Sir Richard had always felt that to operate in this field only in the U.S. and not in the UK would not be wise; management in the UK would know too little about the U.S. market and be too dependent on local management. "We decided to take every opportunity of acquiring a UK high-technology company which would have to be based on defence"—since only defence provides a sufficiently large outlet within the UK.

In this context it is clear that the core reason for the acquisition of EMI is its presumed satisfaction of one of the earliest needs which he identified—that of securing a substantial interest in leading-edge electronic manufacture, a sector within which defence, because of the insistence on quality and original research, is pre-eminent. At the same time, the civil electronics division offers security devices, automation systems, and machine tool controls, together with—crucially—a large research and development facility at Hayes which can boast a Nobel prize winner (Dr. Godfrey Hounsfield, for his invention of computer tomography) and which does work on acoustics, semiconductor physics, X-rays, ultrasonic energy, audio and video techniques and image and signal processing.

"The electronic part of EMI does fulfil our ambitions—it does give us an R&D base which with proper control—and luck, you must have that too—you can get to produce the applications for our commercial areas."

Sir Richard uses the image of a safety net to describe his longer-term intentions for the advance technologies which EMI incorporates. The safety net means that there is within the new, united company a capability to identify new technologies developed in one sector which may be of use in others: for example, a defence application suggesting a consumer one. "I think this company (Thorn) should get a lot of value from EMI's R&D across all our range of products."

The question inevitably arises—why not simply buy that part of EMI, and leave the rest to another, more experienced in the ways of pop stars and pancake houses? The answer to this has a number of facets. First, there are the exigencies of the real situation: "We had to think of EMI either in parts or a very large chunk—which in effect is the lot. So we came to the conclusion some time ago that we ought to be thinking about the lot." Part of the reason for going for the lot was that a number of strong competitors had declared an open interest in EMI electronics: Sir Richard did not wish to be led into a bid war with other, powerful companies.

**HOW THE COMPANIES FARED**

THORN (UK and overseas companies)

| | Sales | | *Profit | |
|---|---|---|---|---|
| | £m | % | £m | % |
| Consumer electronics | 445.7 | 34 | 72.6 | 60 |
| Domestic appliances | 373.3 | 28 | 21.1 | 17 |
| Lighting | 260.4 | 20 | 14.0 | 11 |
| Engineering | 244.9 | 18 | 14.4 | 12 |
| TOTAL | 1,324.3 | 100 | 122.1 | 100 |

—year ending March 31, 1979.

EMI

| | Sales | | *Profit | |
|---|---|---|---|---|
| | £m | % | £m | % |
| Music | 406.4 | 50 | 1.9 | 7 |
| Leisure | 144.3 | 17 | 18.8 | 66 |
| Electronics, non-medical | 177.4 | 20 | 12.9 | 45 |
| Medical electronics | 43.7 | 5 | (12.8) loss | (45) |
| Television | 71.8 | 8 | 7.8 | 27 |
| TOTAL | 869.5 | 100 | 28.5 | 100 |

—year ending June 30, 1979.

* Profits are before interest and tax.

Sir Richard Cave—strategy for the mid-80s

**LOCATION OF SALES** (per cent)

| | EMI | Thorn |
|---|---|---|
| UK | 45 | 76 |
| Rest of Europe | 24 | 15 |
| North America | 20 | } 9 |
| Others | 11 | |

Source: 1978-79 annual reports

A bid for all of EMI would be likely to deter a number of companies—Racal is an obvious example—which were much less well equipped than Thorn to take on the problems of recorded music and medical electronics.

Secondly, Sir Richard says that the music side of the business—which accounts for half of EMI's turnover—also fits with the strategy developed by Thorn before EMI came on to the market, though it would seem to be a less central part of that strategy than the electronics division. Yet, as he describes it, it becomes clear that whatever status it occupied in the corporate strategy in the past, it will clearly take pride of place in the future, because the successful realisation of a software/hardware merger will be a difficult task with competition to be expected from a number of large and hungry international corporations.

## Programming changes

Sir Richard's analysis here rests on three main points: first, that the company had to secure the supply of material for its television sets, as programming moves away from dependence on the output of state- or privately-owned corporations towards individual purchase of tape and discs; as cable television holds out the prospect of infinite selection and as satellite broadcasting allows the internationalism of TV programming. Second, he believes that Thorn should use its chain of rental shops as at least the starting-point for tape and disc sales and rental, since they are presently underused; and third, that a major feature of the eighties will be the restructuring of the electronics industry—"when you get recession, you get restructuring, and that's what's happening now"—and that this will mean the emergence of vertically integrated electronic and entertainment companies, a trend which he believes Thorn should help lead. Sir Richard has no intention, however, of relying exclusively on the EMI in-house source of software.

"We felt we had to get the TV set of the future right: the analysis was clear that we had to get into video tape and video discs, and that meant into entertainment. It's terribly important to have recorded music and films — that's why these software companies are so very difficult to get hold of."

In pursuit of getting the future right, Thorn is prepared to pump money into EMI's record business — "give them the backing to get it right" as Sir Richard puts it — so that it can gear up for new types of production, probably digitally based, in the 1980s. At the same time, while recognising the skills of Lord Delfont, who is to be chairman of a separate music, entertainment and leisure subsidiary, Thorn may find one or more U.S. entertainment maestros to sharpen EMI's reflexes.

Thorn may even, contrary to initial impressions, keep the medical electronics side of EMI — "it is possible of correction," says Sir Richard. He believes that nationalism destroyed the scanner's hopes of commercial success—few countries' national pride would allow a branch of their medical electronics to be dominated by a foreign product. But he believes that the scanner retains a technological lead, that its value has been proven, and that some way round, or under, the walls of nationalism may be found. One pointer may be the arrangement in Japan, where Toshiba is to manufacture EMI scanners under licence.

The reshaping of EMI's management so that it may interlock with Thorn's will be one of the more delicate tasks: Sir Richard's belief that Thorn has created both a strong corporate centre and independent divisions leads him to believe that EMI can be eased into that existing structure without much upheaval—"we are going to build them into our system and I think they are going to enjoy it." Some of EMI's businesses—such as leisure—will be left more or less alone: others, such as records and medical electronics, will receive a good deal of corporate attention. But the aim will be devolution of power to strong divisional bosses once the sorting-out is over.

To critics in the City who question Thorn's ability to manage high-technology businesses and object to further dilution of the rental profits by risky investments in electronics, Sir Richard argues that it is at least as risky being a copier of other people's technology. He believes that on a long-term view it will be in Thorn's interest (and that of the U.K.) to establish itself as a technical leader. The central research laboratories at EMI will support a range of carefully chosen consumer and industrial products in which Thorn can be among the world's leaders. The task is to graft an innovative capability on to Thorn's established manufacturing and marketing skills.

## World-wide competition

Cynics complain that Sir Richard's strategy sounds too much like a Harvard Business School thesis and takes insufficient account of Thorn's actual strengths; as Thorn seeks to realise its technological and commercial ambitions, it will run up against powerful competition, not only in the UK from such companies as GEC and Racal, but on the world scene from the might of the U.S. and Japan. But another view is that Sir Richard is providing just that vision and sense of direction which Thorn, a financially strong and well-run company, seemed to be lacking in the closing years of the previous regime.

## Letters to the Editor

### Taped

*From the Director, Industrial Relations Division, The Industrial Society*

Sir, — On perusing the recently published "Slade Report" itemising union recruitment pratices which quite properly give rise to public disquiet, one was somewhat saddened to note the apparently commonplace practice of recording meetings without the permission of all parties concerned. It seems that the eminent person conducting the inquiry found it unremarkable that senior managers quite matter-of-factly taped meetings with union officials without their knowledge.

Clearly one has every sympathy with those attempting to protect themselves against what they felt to be unwanted and inappropriate overtures from Slade, but surely this does not condone such behaviour. Consider the public reaction to Watergate .... One had hoped for a better standard of morality in the conduct of affairs in our nation.

Frederick Thomson.
*Peter Runge House,*
*3, Carlton House Terrace, SW1.*

### Fuel

*From Mr. N. Jenkins*

Sir,—The commercial adviser of the Electricity Council claims (October 31) that he is not misleading the general public. Someone should be allowed to say that he is attempting to mislead your readers at least.

What is the overall intention? Is it to insist that heating by electricity is a better course for the nation than either the use of gas or combined heat and power? It is not what Mr. Forman says but what he omits that is of crucial importance to this debate. He omits to point out that combined heat and power (CHP) is equally efficient in the conversion of energy once delivered to the point of use—as electricity—but far more so in the conversion of primary fuel to eventual use.

CHP is admitted by the Marshall report to make the best use of primary fuels—at least twice as good in this respect as electricity generated alone. Similarly with substitute natural gas when British Gas Corporation comes to fill the energy gap with a product derived from coal. Since the coal industry cannot supply enough to meet a demand still less than 1973 how can we expect to meet the need for coal for SNG? And in any case why should we—just to enable these two industries to encourage the waste of two tons of fuel/coal for every one put to good use.

Where Mr. Forman appears to be deliberately misleading us is in the diversion created to attract attention away from the invidious comparison of CHP with the programme for building large power stations, whatever the fuel. In spite of the crisis of 1973 the electricity supply industry is the only one not to have taken drastic steps to stop fuel waste. It does not take a mathematical genius to show that CHP, by substituting hot water for electricity, and by producing more electricity at twice the efficiency, is a wholly viable alternative to the present programme. The same applies to extending the gas grid and distribution facilities.

Norman Jenkins.
*Whitchill, Ewshot, Farnham, Surrey.*

### Water

*From the Head of Information Services, National Water Council*

Sir,—The inconsistency in water authority charges referred to by Mr. Benson (November 7) is a narrow one relating to only one part of the community's protection from fire by water supply, particularly sprinklers.

No water authority applies to public fire hydrants charges for keeping supplies available to them. As to private facilities supplementing public fire hydrants, premises with extra provision supported by their single all-purpose supply have to be charged on the same footing as other all-purpose supplies. Water authorities are currently seeking a more common policy in charging (or not) for availability those premises which have separate additional connections for sprinklers or other fire-fighting facilities.

It is common practice in many fields to make all who choose to supplement public provision with private facilities meet the extra costs so generated. This is the setting in which the argument that fire is special, which Mr. Benson emphasises as an insurer, has to be considered.

C. J. Casserley.
*1, Queen Anne's Gate, SW1.*

### Trees

*From Mr. P. Morrell*

Sir,—Environmentalists and others will be amused at the Central Electricity Generating Board's plans (November 6) to plant fast-growing trees to hide the 70 ft high converter station which it proposes to build at Sellindge in Kent. UK taxpayers will be wondering whether the CEGB will produce a convincing economic justification for the investment —likely to approach £500m— when the trees might provide a more cost-effective form of energy.

Peter Morrell.
*Peter Pan Cottage,*
*Furnace Lane,*
*Lamberhurst, Kent.*

### Reduction

*From the Leader, Greater London Council*

Sir,—I don't mind Mr. Franklin (November 1) pinching my copy but I wish he'd get the context right!

It was I who said recently that local government had increased its staff by 2.2 per cent in the last two years, and that Greater London Council's direct labour force (C. Branch) was losing £300,000 a month.

I went on to say that by contrast the GLC had reduced its staff by 8.9 per cent in the same period and that we had decided to close C. Branch down—two acts of virtue of which, I hope, Mr. Franklin would approve.

(Sir) Horace Cutler.
*County Hall, SE1.*

### Five

*From Mr. R. Nott*

Sir,—Mr. Jeffery Roberts writes (October 30) that the Labour Party is dying. I fear that is unlikely to be true. I heard it all many times in the 1950s. It does, however, seem to be trying to commit suicide.

It has picked five MPs to tell it how to win next time. One would expect that for such a task it would pick MPs who had shown themselves winners by mantaining their majorities even if not increasing them against a swing. But who has it chosen?

Mr. Allaun whose 1974 majority slumped by 25 per cent in 1979, Mr. Heffer whose majority slumped by 24 per cent, Miss Sutherland whose majority slumped by 57 per cent and Miss Lestor whose majority slumped by a mere 83 per cent. Nor let us forget that it has also chosen "I must have No. 10" Mr. Benn whose majority slumped by 80 per cent.

Robert Nott.
*Englefield Cottage,*
*Hurtmore,*
*Godalming, Surrey.*

### Sparks

*From Mr. R. Plank,*

Sir—Elaine Williams' article of November 1 says that electronics will have a variety of jobs in the car, such as controlling emissions, improving and monitoring performance and improving safety.

Surprisingly, her article does not specifically mention the need for electronic replacements for the grossly inefficient mechanical spark creation and distribution mechanisms now in general use.

It is noticeable that a car runs very much better after a service which has replaced the contact breaker points and the distributor head. It is almost equally noticeable that its performance deteriorates materially after a few hundred miles and, of course, it remains inefficient until the next replacements.

Surely something should be done now to ensure that electronics replace mechanical devices which rely on moving brass and plastic surfaces in contact with each other. We need cheap, universal, easily available devices which can be quickly replaced in case of failure.

Ronald B. Plank.
*39, Hither Chantlers,*
*Langton Green,*
*Tunbridge Wells, Kent.*

### Victoria

*From the Member of Greater London Council for Merton, Mitcham and Morden*

Sir,—The British Rail scheme to add two platforms at Victoria Station, London, specifically for Gatwick passengers will be welcomed by thousands of commuters inconvenienced each day as a result of inadequate planning by several public transport agencies.

British Rail, which operates Victoria Station, has been the main culprit. At last it seems to have woken up to the fact that Gatwick passengers with their large amounts of luggage and unfamiliarity with the station are different people from the daily commuter. Surely somebody at British Rail could have ascertained this fact five years ago and planned accordingly. Instead we have total confusion especially at platforms 12 and 13, while the new entrance gates currently under construction seem, by their dimensions, to ignore the Gatwick passengers.

Movement to and from the station is inadequate too. There is only one stairway to the Underground where the concourse is frequently full of tourists, with no change, trying to establish where they wish to go. Normally it seems they just obstruct commuters. For those passengers seeking to leave by taxi there is no relief. Chaos reigns and taxis are scarce leading to disorderly queues.

One way of improving matters would be for British Rail, London Transport and the British Airways Authority to recognise the problem and to co-operate in finding solutions.

A London Airports Passenger Access Group, LAPAG, should be established which could also include authorities like Greater London Council. LAPAG could seek short term operating improvements like London Transport ticket offices at Gatwick or British Rail Victoria together with longer term improvements like new access routes to London Transport Victoria from British Rail Victoria. If the latter were combined with extensions to London Transport's Victoria Line platforms, so as to reduce the present overcrowding, substantial improvements to customer service could be achieved.

Brian Shenton,
Member's Lobby,
*County Hall, SE1.*

### Migration

*From Dr. R. Hudson*

Sir,—On November 5, Rhys David noted that despite 38,000 job losses in the North East in the last two years, the total number of unemployed in the region had changed little. He went on to suggest that at least enough new jobs must have been created to balance those lost. This is one possible interpretation but there are others which are equally plausible and much more serious in their implications. For example, the stabilisation of unemployment may reflect more the effects of net out—migration from the region than of new jobs created within it.

(Dr.) R. Hudson,
*Department of Geography,*
University of Durham,
Science Laboratories,
*South Road, Durham.*



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FINANCIAL TIMES SURVEY

Saturday November 10 1979

# INDONESIA

Latter-day inheritor of the fabled wealth of the Indies, Indonesia is faced with the problem of developing and harnessing its great natural resources for the benefit of its sprawling population. This year's big rise in its income from oil and plantation produce gives it fresh opportunities to implement the necessary social advances.

## Growing focus of world interest

**By David Housego**
**Asia Correspondent**

PRESIDENT SUHARTO's State visit to Britain next week reflects both growing British and growing European interest in South-East Asia. The economies of the five-member States of the Association of South East Asian Nations (ASEAN) have over the past decade moved ahead at a faster clip than almost any other group of developing countries. Not only is this continuing success far greater than had been anticipated when the U.S. pulled its troops out of Vietnam in 1975; it is in striking contrast to the battered economies of the Communist states of Indochina with which ASEAN is once again on relations of deep mutual suspicion.

Spread across a vast archipelago, Indonesia is by far the largest of the five and the one over whose potential there is the greatest controversy. At 140m its population easily eclipses that of Thailand, Malaysia, Singapore and the Philippines combined. It is the only significant oil exporter among the group and the richest in natural resources. Since 1970 it has had a real growth rate of over 8 per cent—second only to Singapore—mainly because of the favourable shift in the terms of trade for its commodities.

But the slums around Jakarta are also among the most squalid in Eastern Asia. Average income per head at about $300 a year is well below that of the other ASEAN States and this national figure masks both large disparities of wealth and the absolute poverty in which 60 per cent of the population lives. Unemployment is high and Java, the largest island, desperately overcrowded. Indonesia is also a country increasingly unable to feed its growing population.

The record of economic management since the war has been erratic. President Sukarno was too absorbed in foreign policy to pay much attention to the economy. Inflation was over 600 per cent when he was deposed in 1966. President Suharto during his 13 years in power has, under the advice of his planners followed an almost continuous stabilisation policy to keep inflation in check while attempting to increase jobs, produce more food and distribute income more evenly.

The planners, however, have regularly seen their policies blown off course by unexpected squalls. As both an oil and a major commodity producer Indonesia has both benefited strongly from and been sharply vulnerable too the violent buffetings in the terms of trade that have occurred since 1972. Much of the oil wealth that accrued through the 1973-74 OPEC increase and which should have gone to development was pre-empted by the State oil concern Petramina which then ran up debts of $10bn before its collapse in 1975. Corruption has bitten deep into both State revenues and the calculations of the planners.

While many of the windfall gains that have in particular come from oil have been lost, there has not been an offsetting resilience elsewhere in the economy. The manufacturing sector is still small, accounting for only 11 per cent Gross National Product (GNP) and because of excessive protection in the past wastefully inefficient. Private investment has not gathered momentum again since it slumped in 1976. Output from plantation and secondary food crops has grown disappointingly slowly. Demand for food increasingly outstrips local supplies.

### Shock

Against this background the drop in oil production last year, though anticipated because new discoveries were failing to keep up with the decline in reserves, nonetheless came as a shock and one that seemed to prelude a lengthy period of austerity. The yardstick of the country's dependence on oil is that it accounts for 55 per cent of both government revenues and of total foreign exchange earnings.

The new five-year plan—Repelita III — that came into operation in April was drawn up on what then seemed unrealistic, optimistic assumptions of the amount of funds available. In practice the Government could not have expected much real growth in revenues or public investment, which over recent years has provided an important stimulus to the economy. The plan foresaw a slower expansion of GNP.

*Anticipating* the squeeze that was likely on both the budget and the balance of payments, the Government undertook in November a substantial devaluation. The strategy behind this was to reduce the country's dependence on oil by encouraging a more rapid pace of activity in manufacturing and the non-oil export sector that would also create much needed jobs.

Since then there has been a sharp improvement in the medium-term outlook both from the continuing increase in oil prices and from this year's unexpectedly large rise in commodity prices. The Government's immediate concern is how most usefully to spend the additional funds. But if the improvement has brought a welcome relief, it has not altered the fundamental problems of the pressure of population on the land, of high unemployment, a growing food deficit and a cumbersome and unwieldy administration that in itself is an obstacle to increasing private investment.

In fact the unexpected boom this year has exacerbated the Government's problems of dealing with the inflation that inevitably flowed from the devaluation and which is now running at about 30 per cent.

Both the devaluation and the high rates of inflation since have brought grumbling against President Suharto's regime. His planners—the group of American-educated technocrats on whom he has long relied for the management of the economy—have been attacked for an academic approach to the economy that is out of touch with both business conditions and popular sensitivities to rising prices.

The redistribution of wealth inevitably caused by devaluation and inflation have added to communal tensions. Though the ethnic Chinese number under 4m, they dominate trade and industry and are seen to have benefited most from a measure designed to promote investment. President Suharto's personal cause is not helped by the strong ties he, like most Indonesian generals, have with the Chinese community who largely manage their business affairs.

By contrast, Islam, though by no means the same force it is in Iran or even neighbouring Malaysia, is becoming an increasing rallying point for discontent among the pribumi (indigenous) community and for anti-Chinese sentiment. Student groups voice impatience with the extent of corruption, with what they see as the dominance over the economy of foreign banks and foreign investment, and with the regime's curbs on freedom and high-handed treatment of its critics.

Their grievances find an echo among the small indigenous business community, urban labour groups and even within the military. At the back of much of this unease—which at the moment shows no signs of breaking out into the open—is sheer weariness with a regime which has never had much charisma but which now seems to have been in power too long and has run out of new ideas and faces.

### Tensions

But President Suharto shows no sign of wanting to step down. On the contrary there are signs that he has his eye on a fourth term of office. He is at the moment seeking to refurbish his image by a nationwide indoctrination programme that seeks to project him more as a founding father of the nation and to counter the appeal of Islam. As with all such ideological exercises there is the danger that the President will be more seduced by his own propoganda than will his people.

It is in the context of the succession that the changes that have been taking place within the armed forces have such political significance. The military have a dominant role in Indonesian political life and will certainly play a key part in choosing the next generation of leaders.

Probably not since the war has the army seen such a vigorous Minister of Defence as General Mohammed Yusuf, who took up the post in 1978 and has since then pushed to step up the army's efficiency, provide a better deal for the common soldier and cut back on corruption. He has built up immense popularity but inevitably also made enemies by depriving senior officers of traditional powers of patronage while placing his own nominees in key command positions. So far he has seemed to move with President Suharto's approval but inevitably he also appears as a potential challenger.

General Yusuf has also been putting his stamp on Indonesia's policy over Indochina. He was influential in June in ensuring that Indonesia backed ASEAN's condemnation of Vietnam's eviction of the boat people.

But an ambivalence in foreign policy remains. On the one hand Indonsia sees its main adversary as China and thus has some sympathy for Vietnam's attempted containment of Chinese power. On the other it shares the fears of its fellow ASEAN States at the precedent set by Vietnam's invasion of Kampuchea and the setting up in Phnom Penh of the Heng Samrin Government. Pulled in opposing directions, it has seen its security most closely tied to strengthening the cohesion and resilience of ASEAN.

President Suharto has gone far to remove the criticism of his regime in the West for the detention without trial of political prisoners, allegedly Communists, arrested after the attempted 1965 coup d'etat. Over 20.000 are said to have been released in the past two years—many under conditions of such strict supervision and with such little chance of finding work as to make a mockery of their freedom. But if Indonesia can scarcely lay claim to a creditable record on human rights, the steps that have been taken have been welcomed in both the U.S. and Europe.

### CONTENTS



### BASIC STATISTICS

| | |
|---|---|
| Area: | 782,663 sq miles 2m sq km |
| Population: | 145.10m |
| GDP 1978: | 21,779bn rupiahs |
| Per capita: | 150,200 rupiahs |
| Trade 1978 | |
| Imports: | $9.3bn |
| Exports: | $11.5bn |
| Trade with UK 1978 | |
| Imports: | £83.6m |
| Exports: | £33.4m |
| Currency: | $=415 rupiahs |
| | £=1,314 rupiahs |

# Sharp improvement in prospects

## THE ECONOMY

DAVID HOUSEGO

AFTER THE rather bleak forecasts for Indonesia's economy that prevailed when the new five-year plan — Repelita III — was being drawn up last year, there has been a sharp improvement in prospects over recent months.

Following the increase in OPEC prices net foreign exchange earnings from oil and gas for the current financial year are likely to be about $6-6.5bn, an increase of around 50 per cent on last year. Non-oil exports have also been buoyant. With improved prices for the country's major commodities such as timber, rubber and tin, non-oil export earnings are expected to be above $5bn, at least 25 per cent up on last year. Thus total export earnings of potentially $11.5bn will comfortably cover an anticipated import bill of $9bn, so transforming the feared trade deficit into one of the healthiest trade surpluses in eastern Asia.

The foreign exchange reserves accordingly rose 23 per cent in the first six months of the year to $3.2bn and the balance of payments is expected to record at least a $2bn surplus for 1979-80.

With oil accounting for about 55 per cent of Government revenues, the OPEC increase has also brought a windfall gain to the budget. The Minister of Finance, Mr. Ali Wardhana, has put this at $250-500m after allowing for the increased burden of additional fuel subsidies. It is more likely to be $800m or equivalent to about 15 per cent of the development budget.

Food crops have done less well this year, with the 1979 rice harvest expected to be about 1m tonnes below last year's record 17.5m tonnes. With consumption rising faster than production, rice imports are again expected to reach 2.4m tonnes — the equivalent of about a third of the world's trade in rice. This is a heavy drain on the balance of payments and leaves Indonesia dangerously vulnerable to market fluctuations.

In real terms Gross National Product (GNP) is expected to grow by at least 7 per cent this fiscal year, beating the official target of 6.5 per cent but in line with last year's 7.2 per cent.

The unexpectedly favourable turnabout in the economy has been interpreted by some in Jakarta to mean that last November's hefty 33.6 per cent devaluation of the rupiah was unnecessary. Certainly it would have been far more difficult to carry through had it been known that such large increases in the price of oil and commodities were in the pipeline.

But the main justification for it still remains. Indonesia's domestic costs as a result of cumulatively high rates of inflation and a fixed exchange rate since 1971 had grown well out of line with those of its neighbours in South-East Asia. By October the cost of domestically produced goods had risen by about 60 per cent more than the increase in import prices—a difference that basically determined the scale of the devaluation. The initial parity of Rp625 to the $—the currency is now being handled in a managed float—gave an additional 50 per cent rupiahs to the $.

The previously overvalued rupiah and the high level of costs in Indonesia had sharply undermined the competitiveness of local manufacturers and of the non-oil export sector. It had also encouraged the growth of capital-intensive industries and of assembly plants highly dependent on imported components. These factors together put increasing strain on the balance of payments and contributed little to the creation of much needed new jobs in a country with such a vast problem of unemployment.

The devaluation by itself was never thought sufficient to boost domestic private sector or foreign investment in the non-oil export sector or in labour-intensive industries. Private investment has lagged since 1975 partly because the backlash to the Pertamina crisis and partly as a result of Government policies to increase the pribumi (indigenous non-Chinese) stake in the corporate sector.

But the devaluation was intended to provide a pricing framework that made new investment more attractive. Its impact has been much diminished by the absence of sufficiently strong back-up measures over the speeding-up of licensing and customs procedures, abolition of the illegal levies (punglis) demanded by officials to boost their salaries, and the far-reaching changes in tax and tariff policy that were also needed to boost investment. In this sense the Government was rightly criticised for choosing devaluation as the easiest of the options required for achieving a fundamental restructuring of the economy towards more labour-intensive industries.


Its clumsy handling of price controls immediately after the devaluation also left it in bad odour with the business community which complained that the measure had been ill-prepared and with too little regard to its side effects. Investment has still not picked up but it is too early to judge the more important long-term impact.

## Difficult

What the boost in oil and commodity prices has done is to make the management of the Government's post-devaluation strategy far more difficult. The authorities' main goal has been to contain the subsequent inflationary push so as to retain the competitive price edge provided by the devaluation. But for the full post-devaluation year (November 1978—October 1979) inflation is expected to be 30 per cent.

In a tough restrictive monetary policy, the pace of monetary expansion has been kept below the rate of inflation, which meant that by June real liquidity in the economy was less than a year before. The Government has also deliberately underspent on the budget. But such a deflationary policy, which as a result of the reduction in purchasing power threatens a loss of jobs, becomes increasingly difficult to pursue in the face of expectations aroused by rising commodity and oil prices.

The increase in Government revenues has removed some of the financial constraints on the new five-year plan which came into operation in April. As drafted, the plan included virtually every development project that has been on the Government's list in recent years, but with no indication as to their priority. The main thrust of the plan was towards rural development, the creation of more jobs, and a more equitable distribution of income. But the plan also included ambitious capital-intensive petrochemical projects such as an olefin plant at Aceh and a new aromatic complex in addition to the already costly industrial ventures such as the combined hydro-electric station and aluminium smelter at Asahan on Sumatra.

There was no realistic assessment in the plan of how this investment would be financed. Indeed the World Bank doubted in a report written before the increase in oil prices whether there would be any significant growth in State revenues in real terms over the plan period without drastic changes in fiscal policy. It pointed out that Indonesia has been slow to mobilise domestic tax resources. Non-oil Government revenues as a percentage of GNP amount to only 8.6 per cent in Indonesia as compared to about 11 per cent in Iran before the Shah's overthrow and 12 per cent in Mexico.

Against this background of potentially sluggish public investment (which has in the past provided a major stimulus to growth), the plan's target of an average annual real growth in national product of 6.5 per cent seemed unrealistic. Any significant decline below that rate would have meant a sharp blow to employment and living standards after the comfortable 8 per cent or more that Indonesia achieved between 1970-76.

## Windfall

The Government has still to decide how will it spend its windfall earnings. Painful recollections of the consequences of Pertamina's spending spree are making the regime cautious about financing major new capital-intensive projects — a hesitation that extends even to the Dumai refinery where the addition of hydrocracking capacity would enable Indonesia to refine the middle distillate products that it now has to import.

An accelerated development rural development or infrastructure programme risks exacerbating inflation. There are also justified doubts about the capacity of the Government's administrative machinery to handle it. Aid donors have been complaining that bottlenecks in the planning mechanism have contributed to the slow disbursement of funds. Such massive projects as the transmigration programme involving the resettlement of 500,000 Javanese families in the outer islands over the next five years are on that scale wishful thinking.

Though private investment is still lagging—approvals for new foreign and domestic ventures in the first six months of 1979 were down on the same period last year—there has been an encouraging increase in manufactured exports such as textiles, plywood, cement and plastics. This is largely the result of the devaluation, which has made the returns on exports more attractive than margins on domestic sales. The Government obviously hopes that the growth in manufactured exports will be translated into new investment.

The improvement in the balance of payments has enabled the Government to prepay some high-cost short-term outstanding debt. A 10-year $425m refinancing loan was arranged in July on terms more favourable than any Indonesia has so far obtained in the commercial markets.

Further prepayment is an additional option open to the Government in making use of the additional oil revenues while avoiding inflationary repercussions. Outstanding total public debt amounted to $13bn at the end of 1978, with service payments accounting for about 13 per cent of gross export receipts.

# INDONESIA III

# Wealth waiting to be exploited

## OIL AND GAS

PHILIP BOWRING

Indonesia is more than just another oil-producing country. It is a whole region of oil. It is as far from the gas fields of Arun in North Sumatra to the oil wells at Salawati off Irian Jaya as it is from the gas fields of the Algerian Sahara to the oil wells of Iran's Khuzestan province.

That is not to imply any direct comparison between the Middle East/North Africa oil belt and the hydrocarbon resources of Indonesia. But there is no question that the whole Indonesian archipelago is one huge oil-producing region. The finds extend not just between the two extremities of the country but include Central and South Sumatra, on and offshore Central and West Java, East Kalimantan and the far offshore waters of the South China Sea, 600 miles north of Java.

The problem for Indonesia is that though oil and gas are found very extensively, individual fields are mostly small. The success rate in terms of wildcat drilling is high, but this attraction is offset by the relative smallness of the deposits and the high costs of operating in often difficult and remote areas.

This is one major reason why Indonesia, though it has been an oil producer since the 1880s, is still relatively little explored. As a result, estimates of its oil wealth vary very widely indeed. The normally accepted figure for proven recoverable reserves is about 10bn barrels.

However, the director of oil and gas at the Ministry of Mines, Mr. Wijarso, recently went on the record with the view that Indonesia may have up to 50bn barrels waiting to be discovered and produced. Mr. Wijarso, who is a very experienced oil man, said he based his estimate on the fact that there were 28 potential oil bearing basins within Indonesia.

### Producing

So far, said Mr. Wijarso, only eight of these basins were actually producing. Of those, only Central Sumatra, the location of the Minas field which accounts for a large proportion of Indonesian production, is being exploited intensively.

Indonesia is hoping earnestly that a combination of improved expectation, the recent price rise, and stable political conditions will give a shot in the arm to exploration activity. It is badly needed. Activity reached its peak in 1974 when 232 exploration wells were drilled, but subsequently declined sharply to 135 wells at its low point in 1977. The actual impact was even greater that the drilling figures suggest because most was done in known and relatively accessible onshore areas, whereas if Indonesia is to sustain its output, let alone raise it, contractors must be induced to spend money looking for new oil provinces.

But the situation is now looking up. Even before the latest OPEC price rise, when Indonesia raised the price of its Minas market crude to $21.12, it was estimated that at least 180 exploration wells would be drilled this year and some 27,500 square kilometres subjected to seismic surveys. Exploration expenditure is expected to be around $300m compared with $240m last year and $140m in 1977.

But even assuming continuation of the traditionally high success ratio achieved in Indonesia, this level is not sufficient to maintain production unless some very large deposits are found. Drilling is getting increasingly expensive as offshore activity moves into deeper waters and onshore into remoter areas.

Activity will, however, be boosted by a $150m loan from the Japanese Government to Pertamina, the State group, to be spent on exploration and repaid from the proceeds of any resulting finds.

### Reaction

Exploration in general in Indonesia is still suffering from the after-effects of the Pertamina financial crisis, and, even more, from reaction to the contract renegotiations forced on the foreign companies in 1976. Those siphoned off—at the prevailing oil prices—$550m a year from the companies into Government coffers.

The basic production-sharing formula was altered from a 60.40 split to one of 85:15 in favour of the Government. The Government's share was considered to include all Indonesian corporate tax liabilities. The formula was altered again in 1978 to avoid U.S. companies paying doubled tax on their Indonesian earnings. The production-sharing ratio was altered to 65.9:34.1 and Indonesian corporate and dividend tax applied. However, this was a cosmetic change only. It did not alter the real revenue split. The settlement of this tax problem with the U.S. Revenue lifted one of several clouds over investment in new exploration.

The psychological climate improved as memories of the renegotiation wore off. The financial inducement was improved by incentives introduced in 1977 when the Government became concerned at the low level of exploration activity.

These were as follows:

● oil supplied to Pertamina for the domestic market from new fields and secondary recovery would be priced for five years at the market price rather than, as with existing fields, at cost. This was a particularly useful incentive as Indonesian consumption has been growing very rapidly and the requirement on the companies to supply it at cost was becoming an increasing burden;

● an investment credit of 20 per cent of development costs of new fields was introduced;

● fast (seven year) cost recovery would apply to all new fields.

Pertamina and Caltex, the major producer which still works under an old contract-of-work system, was given a five-year incentive of 50 cents a barrel for oil from new fields or produced through secondary recovery.

In 1977 Pertamina also introduced a joint venture contract under which it would conduct operations on a 50:50 basis with foreign contractors. This allowed the foreigners to farm into onshore areas previously reserved for Pertamina. Nine companies now have joint ventures on this basis. Exploration interest has also been aroused by offers of new concession areas in the South China Sea and Irian Jaya.

Now that steep price increases—from $13.55 at the end of 1978 to $21.12 today for Minas—have been added to other improvements in the exploration climate it seems possible that there will be a new exploration boom in Indonesia—but a major constraint might be availability of rigs.

Production of crude peaked in 1977 at an average of 1.68m barrels a day (b/d) and slipped to 1.64m last year. A further fall to around 1.60m is expected this year and continuing into 1980 when an average of 1.56m is predicted. The main reason is declining output from the large but now old Minas field in Central Sumatra.

Repelita III forecasts a production turnround starting in 1981, building up output to 1.83m b/d by 1983. Most commentators regard this as a goal rather than a forecast, though the price increase should provide reason for more optimism now.

However, even if Repelita targets are attained, export of oil will continue to fall because of the rapid growth of domestic consumption, which has been expanding by more than 12 per cent a year. Even assuming growth rate slackens to 8.5 per cent by 1983, in that year Indonesia will be consuming 470,000 b/d, or 25 per cent of production, compared with only 300,000 b/d, or 18 per cent of output in 1978.

The Government recently permitted an increase of around 40 per cent in domestic prices, but they are still far far behind international prices, thus requiring a direct Government subsidy costing several hundred million dollars a year, and an indirect subsidy through the cheap oil provided by the producers.

The Government would like to restrain domestic demand growth by increasing prices. But it is loth to add to inflation, and is worried that a high price for kerosene will result in more destructive deforestation as people turn to firewood for cooking.

However, if Indonesia is to continue to develop, energy consumption generally must be expected to increase very rapidly. At present oil consumption, which accounts for about 83 per cent of commercial energy usage, is only about one barrel per person per year—very low by any standard.

The subsidy problem has been compounded by shortage of domestic refining capacity, requiring the import of high-cost products. Though Pertamina has a theoretical refining capacity of 526,000 b/d, actual output is only about 400,000 b/d. Most of the plant is old. For price and technical reasons, Indonesia imports large quantities of Saudi oil for local refining, thus releasing its own high value crude for export.

The Government wants foreign equity participation in new refining capacity to relieve the burden on its own capital spending and borrowing requirements. However, foreign investors have so far stayed away.

The problems of oil production and energy use underline the growing importance of natural gas in Indonesia's energy equation. It has a four-fold use:

● As a direct export in the form of LNG;

● as a provider of cheap energy to energy-intensive industries such as steel and cement;

● as a substitute for oil for electricity generation;

● as feedstock for fertiliser and petrochemical plants.

Indonesia currently has two huge gas fields and several small ones. Biggest of all is Arun, with estimated reserves of 17,000bn cu ft. Production and export of LNG from Arun began last year. Existing facilities, which cost $1bn in capital investment, have a capacity of 790m cu ft a day, with all the output being shipped to Japanese utilities on a 20-year contract.

### Delayed

Indonesia has also concluded a 20-year contract to supply a similar quantity of LNG to Pacific Lighting of California. But this has been delayed for more than five years by legal and administrative hurdles in the U.S. The prospects for a go-ahead now look brighter. But Indonesia has warned that if approval is not forthcoming soon it may seek to sell the gas to Japan.

Japan is already also buying the output of the Badak, East Kalimontan, field, which has an LNG capacity of 530m cu ft a day. It began operation in 1977.

LNG prices are directly linked to oil prices so the latest price increases should be of even greater benefit to gas than oil producers because of the much higher fixed capital cost of LNG production. Gross value of LNG exports this year should be around $750m.

The high capital costs of LNG exports suggest that wherever possible gas should be used domestically to free oil, which is more readily shipped, for export. Indeed it is only economic to develop the very large fields for export. Indonesia hopes to make many, though not necessarily very large, gas finds so as to feed the local market—but without having to build lengthy pipelines.

Domestically, gas is so far being used primarily for industry. The South Sumatran field supplies the Pusri fertiliser facility, and in West Java a linked pipeline systems feeds the Krakatau steel works, the Cibinong cement works and the Kujang fertiliser works.

For the future it is intended to use some Arun gas to feed the ASEAN urea project to be built at Aceh and an olefin centre at the same location.

Gas is giving a head start to some of Indonesia's heavy industries. Not only is it available: it is also remarkably cheap. The implicit subsidy of cheap gas should allow Indonesia to get into the cement and urea export business in a big way.

Gas is sold domestically at only 65 cents per btu, the equivalent of $3.65 for a barrel of oil. The Ministry of Mining would like to see a sharp increase, so as to encourage gas exploration and development.

Gas may also be used to feed power stations. But to save on oil, Indonesia is also looking to develop coal deposits, particularly in Sumatra. Shell last year withdrew from a massive billion dollar coal scheme because the quality of the deposition was insufficiently high for export. However, the Government is going ahead with another mine, in South Sumatra, which will start production in 1984 at 2.5m tonnes for shipment to a West Java power station. Major investments in coal are expected in the second half of the 1980s.

Meanwhile, however, gas will continue to increase its share of domestic energy supply. According to Repelita III it is supposed to reach 15.8 per cent of energy supply by 1984 compared with only 7.4 per cent in 1976. Its share is expected to reach nearly 14 per cent this year and is likely to exceed the plan target by 1984. The future of gas in Indonesia looks bright—brighter than that of oil certainly.

# Need for a better balance

## INDUSTRY

PHILIP BOWRING

IN PURELY statistical terms, manufacturing industry has been the fastest growing of all sectors of Indonesia's economy. For the first half of this decade it raced along at an annual growth rate of 15 per cent, and even with its substantially broader base now it is growing at 11-12 per cent per annum. For Repelita III as a whole the target is 11 per cent a year. But given the increasing importance that manufacturing must assume if the economy overall is to sustain steady development, it faces very severe problems.

These problems are more severe in some ways than those facing agriculture. The more developed industry becomes the greater the degree of interdependence and hence the need for smooth flows of inputs, the importance of efficient transport, banking and other services, and the absence of customs delays, illegal exactions, arbitrary taxation.

Industry will be a key measure also of the Government's success in encouraging private enterprise, especially among pribumis. And it will be a test of whether pribumi policies can be successful without too heavy an economic cost in terms of subsidising pribumi capital formation.

Most important of all perhaps, industry has been charged not just with increasing output but above all with increasing employment making a significant contribution to relieving employment problems. Manufacturing employment has been growing at only around 5 per cent, and from a very small base.

Like the oil industry, manufacturing presents some of the extreme problems of a dual economy. While employment creation has been modest, industry has been characterised by high capital to output and capital to labour ratios. Capital-intensive heavy industry has been growing rapidly. Small scale industry has been growing only about 5 per cent a year. This is just the opposite of what a capital-scarce, labour-abundant country needs.

But it is also illustration of the problems of industrialisation. In a country with a poor physical and social infrastructure and a severe shortage of skilled manpower, capital-intensive plants which can to some extent insulate themselves from surrounding problems are more viable. Much of the recent industrial development has also been criticised for its import dependence, providing low value added processing to imports of non-essentials.

The Government is well aware of these deficiencies and it is one of the main goals of Repelita III to try to reverse them. First, the Government intends to play down its own role as supplier of capital to big industries. It wants to see basic industries rely more on their own devices, helped by foreign capital, and so relieve some of the burden on the Government's development budget. The State's role in the future will be more to provide the physical and social infrastructure to assist industrial development, with emphasis on institutional help for small scale industries, and improvements in administration and removal of bureaucratic bottlenecks to help the larger ones.

Even more important than the broad goals of Repelita III, however, should be last year's devaluation of the rupiah. First, as capital goods are almost entirely imported, devaluation should raise the cost of capital relative to labour and thus encourage industries which are labour-intensive and the use of more labour-intensive techniques. It may also help small local entrepreneurs against the larger businesses which have foreign links and thus easier access to capital.

Secondly, it is hoped that devaluation will promote the development of some export industries by enabling advantage to be taken of low labour costs. Many businessmen argue that the uncertainties created by devaluation have already offset much of the theoretical benefit. Others say that the barriers to export relate to institutional problems like corruption at the ports, poor transport and communications, and high costs and unreliability of public utilities rather than to labour cost itself.

However, even if devaluation does relatively little to promote exports it should help to change patterns of domestic demand in favour of products with a higher local content. These also tend to be labour-intensive industries. Since devaluation, industries such as automobile assembly have been suffering severely. With their high import content their prices have increased faster than average. Items which have become relatively cheaper because of low import content such as building materials, food, tobacco and textiles have experienced demand surges.

### Reinforce

Ironically, however, the huge oil price increase which has occurred since devaluation not only makes the latter look less necessary but will temporarily reinforce tendencies towards capital intensity. Government is under heavy pressure to spend at least some of its oil income windfall—revenue which is in dollars, not rupiahs. But if it spends domestically it will simply add to inflationary momentum which is strong already.

Political pressures may make it impossible to bank the whole windfall by increasing foreign exchange reserves and repaying shorter-term debt. The way out could be to spend on some major industrial projects, mainly in petrochemicals, which the Government would like to see but has been unwilling to fund itself.

Chief among these is a planned hydrocracker at Dumai, Sumatra, at a cost of $700m. The Government has been trying to attract overseas interest in investing in this project in order not to increase the strain on its own budget and debt service. But foreigners have fought shy of investing large sums in a project for sale to the price-controlled domestic market or of lending for the project without Government guarantee.

Other capital-intensive projects which may get a boost include a $1bn olefin project in Aceh, based on Arun gas, an aromatics project for S. Sumatra based on naphtha, and a part-domestic, part-export-oriented oil refinery at Batam, the island close to Singapore which during Pertamina's heyday was the focus of massive but mostly unrealised oil industry developments.

But if the Government does put more money into these types of plants, it will have to be on the understanding that it is on a one-off basis and that its long-term strategy to reduce capital and import dependence and increase employment remains unchanged by recent good fortune.

But industry also needs to be more efficient as well as more labour-intensive. One weakness at present is that production is not on a sufficiently large scale, particularly in industries such as engineering. Some economists—viewing, for example, the South Korean experience—look to exports to provide part of that bigger market. However, a more persuasive argument might be that high costs are themselves restricting purchasing power in the domestic market, strangling such low level purchasing power as exists in the villages by their high costs of production.

The sketchy figures that are available generally show plant productivity in Indonesia at low levels either because of shortages of skilled manpower, the poor condition of equipment, or the large excess capacity in some industries.

The situation may not be as bad as the statistics suggest. There is likely to be considerable underrecording of actual production levels in many industries for tax reasons. But even allowing for the high profits expected and poor distribution channels, the low levels of productivity are well indicated by the high prices of many locally manufactured commodities and the high tariffs, if not outright bans, on competitive imports.

There are, however, three areas where it seems possible that significant exports can be developed. First are the labour-intensive, fairly simple industries such as garments and electronic assembly. There is hot competition for other Asian countries to attract these industries but following devaluation Indonesia may have a better chance than before. Labour productivity in Indonesia is reported by some multinationals to be high, at least relative to labour cost.

Second are the industries processing local agricultural products, notably palm oil and timber. Though Indonesia's sawmilling and plywood production has been rising very fast, almost all of it is going into the rapidly expanding domestic market. It is not competitive either on price or quality with that of Taiwan, Korea or Singapore. Export-orientated mills are said to be working at well under capacity. In theory, it is at least possible that a combination of devaluation, new investment by logging concerns in processing, and higher taxes on raw log exports could generate rapid export growth by this labour-intensive industry.

The third group of industries are the gas-based ones. Already Indonesia has begun to export small quantities of urea and cement.

### Competition

Cement production has grown dramatically—from only 880,000 tonnes as recently as 1975 to more than 4m now. Availability of cheap gas energy—even cheaper than domestic oil prices and a fraction of world prices per energy unit—has kept cement prices competitive on a world basis. And having now met domestic demand there is hope that a substantial export industry can be developed using Arun gas as energy and the massive limestone resources of North Sumatra as raw material. To help exports, consideration is being given to building cement storage capacity in Singapore.

Arun gas will also be the basis of another major export industry—a urea plant at Aceh which will be an ASEAN industrial project. It will have a 570,000 tonnes-a-year capacity. Currently urea production is around 2m tonnes, having increased from 400,000 tonnes in 1975. Improved availability of cheap urea has played an important part in improving rice yields.

Neither cement nor urea are doing much, however, to broaden or deepen the industrial structure. Both rely on cheap gas and are capital-intensive. They have few links with other manufacturing industries.

One major investment that could have such links is the very costly, long-delayed and much criticised Krakatau steel mill, a project initiated by the Russians during Sukarno's time but only now coming into production. Total cost (at 1976 prices) is estimated at U.S.$1.8bn, giving a capital/output ratio of an astonishing 7.5:1. Eventually Krakatau will produce 2.2m tonnes of steel a year.

The massive capital cost should be partly offset by the fact that it is using a direct reduction process. This is energy-intensive but availability of cheap gas fed by a $220m pipeline from Cilemaya, West Java, will partly offset high capital costs and below par plant productivity. Krakatau may need to export if it is to operate at capacity.

But what Indonesia needs even more acutely than a steel industry is development of steel-using engineering industries. Though these have been expanding quite rapidly in recent years, particularly motor parts manufacturing, levels of quality and productivity are low. Efficiency has not been helped by the proliferation of car models assembled locally.

Some industries, such as wire, have suffered from huge overcapacity, partly brought about by the imports tied to foreign aid. The biggest problems relate to lack of skilled manpower and, perhaps most important, poor management.

As the Government's direct role in industry recedes there is a growing urgency for increased private sector investment, foreign and local. Foreign investment has declined since the import-substitution rush of the early 1970s.

Engineering industries are critical for the future, whether at the level of foreign investment-based component manufacture such as for diesel engines, or the small-scale engineering workshop employing a dozen people. Small workshops should serve as the link between the cottage industry and the more highly capitalised modern industry. It is hoped to develop them by getting larger assembly industries to turn to them for subcontracting and outwork.

It is success at this level which will determine whether industrial development becomes self-generating and so begins to touch people's ways of thinking. At present manufacturing remains a collection of capital-intensive enclave industries—the most extreme example is the Asahan aluminium smelter—which save or create foreign exchange but rely excessively on foreign capital and expertise.

# Signs of reviving interest

## FOREIGN INVESTMENT

DAVID HOUSEGO

FOREIGN AND domestic private sector investment has yet to pick up in the way the Government had hoped as a result of the opportunities created by last November's devaluation. But there has not, however, been the slump that was feared in the confusing aftermath of such an ill-prepared measure.

A good many are still postponing investment decisions to see at what level inflation will settle down and whether Indonesia's potential advantages of low labour costs and relatively cheap and readily available fuel will be offset by the cumbersome bureaucratic procedures that have held back investment in the past.

The devaluation initially spread panic among the business community. The private sector is believed to have had at the time some \$8bn - \$10bn in outstanding offshore loans on which it took an immediate notional loss of \$2bn - \$3bn. It was also clear that the Government had not thought through the necessary back-up package of price, credit and tariff policies to safeguard industry from the unintentionally damaging effects of a devaluation and to make its positive aspects succeed.

Most of the damage has since been repaired. The bulk of the offshore borrowing came from manufacturers and importers with ties to Japan, Singapore and Hong Kong. They have largely rescheduled their loans. For those U.S. and European companies which wrote off their exchange rate losses, the Government has brought in tax changes enabling them to recover these in future years. Prices for imported goods have been allowed to rise to cover the devaluation. Most companies are reporting that profits are returning to pre-devaluation levels.

As a result of this improved atmosphere Unilever has pushed ahead with a \$100m expansion for the production of detergents, soaps, edible fats and toilet preparations that they had shelved after the devaluation. Fairchild is continuing with plans for expanding its electronics plants, Goodyear is enlarging its rubber interests, Weyerhauser is making a substantial expansion in timber processing and Blue Circle in cement. Japanese companies such as Toray Industry, Mitsui and Asahi Chemical are showing renewed interest in further investment in their Indonesian textile ventures.

But overall the level of new foreign investment continues to be well below the peak levels of 1974-76 associated with the oil and commodity boom and Pertamina's spending spree.

The inflow of private investment capital as recorded by Bank Indonesia—probably the best gauge of actual spending on foreign investment projects—amounted to \$312m in 1978-79. This was about 10 per cent up on the previous two years and confirms that some revival of investor interest got under way in 1977. But the total is still substantially down on the \$538m of direct foreign investment in 1974/75.

### Projects

The modest recovery was already faltering, however, before the devaluation. In the first nine months of 1978 the Government organisation that co-ordinates private investment—the Badan Koordinasi Penanaman Model, or BKPM—approved new foreign investment projects worth only \$295m as compared with \$671m for the whole of 1977.

The initial effect of the devaluation was to slow the pace down further. In the first six months of this year foreign investment approvals (excluding the ASEAN Government-funded \$313m fertiliser plant) amounted to only \$56m as against \$78m for the corresponding period in 1978. The value of approved domestic private sector projects was also down over the same period from Rs 482bn in 1978 to Rs 391bn for the first six months of 1979.

Mr. Anwar Ibrahim, deputy director of the BKPM, who is evidently sensitive to criticism of the devaluation from the foreign business community, says that as a result the investment climate is "not much worse." In the coming months the number of investment approvals should be boosted by inclusion of projects such as Unilever's expansion. But as yet it is too early to judge what will be the private sector's long-term response to the devaluation.

The Government's hope from the devaluation was to step up the level of private investment to offset what was then anticipated as the slowing down of public sector investment. It particularly has been seeking to encourage increased investment in export-oriented labour-intensive sectors such as garments, electronics and timber processing in which other Asian nations have substantially increased exports and employment. It is also looking to a more rapid growth of import substitution industries in both intermediate and consumer goods which had been effectively priced out by the overvalued rupiah.

With the devaluation reducing labour costs in dollar terms, Indonesia stands to gain from its proximity to the prospering newly industrialised countries of Asia—South Korea, Taiwan, Hong Kong and Singapore—as they shed some of their labour-intensive industries. As an oil producer itself and with its domestic fuel costs heavily subsidised, local industry has also been shielded from the recent OPEC price increases. But a record of poor labour productivity could offset these advantages.

The major deterrent to new investment in Indonesia is the bureaucratic delays that can hold up the smallest transaction and add to its cost. The BKPM was established in 1977 as a "one stop" investment board that could give clearance to a project without a potential investor having to contact each of the individual Ministries concerned. "In practice," says one foreign businessman, "it does not work like that." The BKPM is still trying to simplify the procedures. But beyond the delays in obtaining licences are the further trials of import and export procedures and customs clearance.

Also causing difficulties for a number of foreign companies is official pressure to dilute their equity in favour of Indonesian—mainly pribumi—partners and to take on more Indonesians in senior management and technical jobs. The Government applies its "indigenisation" policy more flexibly than does Malaysia but periodically toughens its stance in response to political pressures. The official requirement is that a new joint venture should offer a minimum of 20 per cent of its equity—or in the case of an expansion of an existing plant, 20 per cent of additional equity capital—to Indonesian partners. The eventual goal is a 51 per cent Indonesian holding.

In practice the Government recognises that pribumis—as opposed to Chinese—do not have the private wealth to take up the shares potentially on offer and that the State holding company Dana Reksa which can buy for them on trust is viewed with suspicion by foreign companies as paving the way for greater State control. Compromises are thus struck. Companies offering to go public need offer as little as 5 per cent of their shares initially, though in offering 15 there are considerable tax concessions. Nonetheless some firms are postponing expansion rather than diluting their equity.

A particular irritant to Japanese companies is that the Government wants fewer Japanese in managerial and technical posts for which it feels that there are competent Indonesians. There are some 5,000 Japanese in Jakarta alone and more than 7,000 in the country.

### Guidelines

New foreign investment guidelines being devised will set out more precisely the areas in which Indonesia is most anxious to encourage foreign investment and the additional incentives and tax holidays that will be offered.

According to the Minister for Industry, Mr. A. R. Suhud, the Government will be prepared to negotiate individual terms to make it worthwhile for companies to invest in specific high-priority projects. Apparently the Government has in mind such ventures as the \$1bn olefin petrochemical complex on Sumatra.

Japan still dominates foreign investment in Indonesia, accounting for some 36 per cent of total overseas investment during the period 1967-77. If Japanese loans for such major projects as the \$2.2bn Ashahan hydro-electric and aluminium smelter are included, Japan's sway in Indonesia looms even larger. The pace of new Japanese investment has, however, been slowing. Of the \$295m foreign investment approvals in the first nine months of 1978, Japan accounted for only 15 per cent. About half of new investment last year came from the U.S., with Hong Kong, Taiwan and Singapore pushing up their share. The most active European investors remain Germany and Holland.

As a result of sagging interest in mining in recent years, its share of foreign investment has been slipping from 22 per cent of approvals in the period 1967-1977 to 15 per cent over the last three years. Investment in manufacturing has correspondingly risen from 53 per cent of approvals in the earlier period to 63 per cent over the past three years.

# Military hold on power levers

## POLITICS

BY A CORRESPONDENT

BY THE mid-1980s most of Indonesia's current military leaders, the so-called '45 generation, will have relinquished power to a new group of leaders who were too young to participate in the physical struggle against the Dutch between 1945 and 1949. The handover of power in several regional military commands has already taken place.

Transfer of power from one generation to the next is hardly a phenomenon peculiar to Indonesia. But stability has been the watchword of the Suharto regime. Regenerasi means change and change spells danger.

That Indonesia's present military leadership expects the nation's future decision-makers to come from the armed forces is undoubted. Although careful attention has been paid to establishing the trappings of democratic decision-making through general elections and the regular convening of the Indonesian Parliament, and although the 30-member Indonesian Cabinet contains a majority of civilians, real authority lies with the armed forces, who see themselves as the only ones capable of ensuring Indonesia's security, domestic and otherwise.

In the forefront of regenarasi is the Magelang generation of army officers who take their name from Indonesia's own military academy in Central Java from which they began to graduate in the late 1950s.

The key question asked of the Magelang generation is how strongly they are imbued with the philosophy of "dwi fungsi," a dual military and civilian function for the armed forces. This philosophy has underpinned the Suharto regime. A lot of money and effort is being expended to ensure that the Magelang group share the same outlook. There have been suggestions, however, that the successors to the '45 generation desire a more strictly military and less political role for Indonesia's armed forces.

Indonesia's military take-over of East Timor highlighted the weaknesses of an army that had diluted military professionalism with politics. The generally poor showing of its armed forces against lightly armed supporters of the Fretilin independence movement is understood to have led to criticism by some younger officers of the Indonesian military's heavy involvement in politics.

The Magelang generation seems certain, however, to accept its political role. It is hard to see any quick turnround in the armed forces' domination of Indonesian political life.

There is also an important element sometimes overlooked in the regenerasi debate. The Indonesian Presidency will almost certainly remain in '45 generation hands until the late 1980s. The President will be increasingly subject to post-'45 generation thinking on important political issues, but he will act as a powerful advocate of the Dwi Fungsi philosophy.

While the '45 generation values will live on in the President it is almost certain he will not be Suharto after his current term expires in 1983. There is continuing speculation that he may decide to step down before his present term expires.

An important factor that helped Suharto's re-election in 1978 against strong student opposition and misgivings from within sections of Indonesia's large Muslim community was the lack of an obvious successor. Without a ready alternative candidate and given their preoccupation with stability Indonesia's military rulers had little option but accept another term by Suharto.

Who Suharto's eventual successor will be is a subject of intense debate in Indonesian political circles. For the present the front runner is Indonesia's energetic Defence Minister, General Muhammad Jusuf. His regular forays into the countryside aimed at improving the lot and boosting the morale of the ordinary soldier and his efforts to improve the overall image of Indonesia's armed forces have made him something of a popular hero.

General Jusuf fulfils two of the three requirements decreed by conventional wisdom for aspirants to the Indonesian Presidency. He is a soldier and a Muslim. But he is not a Javanese. How much of a disadvantage this would prove in practice if he did seek the Presidency is hard to guess. Indonesia's predominantly Javanese leaders must eventually deem it politic to allow a non-Javanese to attain the Presidency.

General Jusuf does face another hurdle, however, in that too early exposure as a possible Presidential candidate could in fact kill off his chances.

Alongside the broad philosophical issues associated with regenerasi there is the practical question of whether a new generation of Indonesian leaders will have a positive impact in the country's endemic corruption problem.

There have been suggestions from some informed quarters that members of the Magelang generation look somewhat askance at the conspicuous consumption of many of their military elders, consumption that clearly cannot be provided out of a general's salary. The argument runs that a genuine effort to clean up the image of the armed forces would be a complement to a less political role for the military.

### Argue

The cynics, however, are not in short supply. They argue that younger officers are simply biding their time until they are in the positions that will profit them most through extra-curricular activities. They also argue that graft in its various forms is so strongly established as a way of life in Indonesia that the chances of remedying the situation through a change of personnel are remote.

It is of course nearly impossible to quantify the magnitude of the corruption problem. It constitutes one of the real thorns in the side of the Suharto regime. Earlier this year Indonesia's Attorney General, Ali Said, told an Indonesian Parliamentary Commission that 30bn rupiah (over \$48m at current exchange rates) had been embezzled from State funds during 1978. Some Indonesian critics allege that as much as 30 per cent of State funds are lost through "leakage."

An official anti-corruption campaign begun in mid-1977 has been pursued with a vigour that has surprised many observers and its victims have included two police generals involved in a multi-million dollar embezzlement case but official claims that corruption can eventually be eradicated are viewed with healthy scepticism.

# Food and cash crops

## AGRICULTURE

PHILIP BOWRING

IT MAY have something to do with the infamous "let them eat cake" remark, but agricultural problems tend to be looked on from the supply rather than the demand side. That explains why Indonesia's greatest agricultural success in recent years remains its central problem. The item in question is rice.

Over the past five years, and despite two years of drought and pests, Indonesian rice production has continued to rise at an annual rate of a little over 3.5 per cent—to 17.6m tonnes in 1978, though it will probably slip back to 17m tonnes this year. That was also the rate achieved in Repelita I when speedy recovery from the depredations of the later Sukarno years was relatively easy. The continuation of the high rate of rice production growth is a tribute to the effort and money put into it and an encouraging indication that persistent yield improvements remain within reach even in intensely cultivated Java.

Unfortunately—for the trade balance, that is—consumption has been growing even faster—at about four per cent, or roughly twice the population increase.

What has been bad fortune for the trade statistics has been good fortune for most of the population. There is no better indication of the fact that real incomes of most people have been rising. Rice and food are synonymous words. For most of Indonesia, any substitute for the rice staple is an inferior food. Rice consumption has jumped from 89 kilos a head in 1967 to 125 kilos last year. Consumption of other staples has been static.

It is this preference that makes Indonesia vulnerable. Despite the production successes, rice imports are now running at around 2m tonnes a year and will continue to increase unless production growth can be further increased—which is doubtful—or consumption growth checked. Rice is an expensive food compared to other grains. And even assuming that Indonesia can afford large imports, there is the even more critical question of supply to consider.

Indonesia now accounts for 25-30 per cent of world rice imports, far too high a figure for comfort in a market as narrow as rice. The New Order Government, (like Marcos in the Philippines) has not forgotten 1973 when rice just was not available at any price on the world market, giving rise to shortages.

The nation badly needs to hold down its import requirement for this expensive and uncertain staple. But logic also argues against encouraging consumption of wheat, which is very much cheaper in most years and the availability more certain. Wheat imports have been growing rapidly anyway and are now nearly 1.5m tonnes a year. Wheat can scarcely be grown at all in Indonesia. So whatever the immediate advantages, it is scarcely prudent to favour consumption of an item which will always have to be bought and shipped from abroad.

What is needed is a switch in consumer preference—or at least a halt in the current trend—in favour of maize, cassava, sweet potatoes and beans. Output of these crops has been poor, with annual growth over the past five years of a mere 1.5 per cent. Reasons include the special programmes to encourage rice production, involving provision of credit, seeds, fertiliser and extension facilities which have tended to encourage rice at the expense of other crops.

## Usage

One major reason for the rice success has been a sharp increase in fertiliser usage, spurred by price relationships. While the local paddy price is not far off current world market levels, the urea price, thanks to local availability of low-cost natural gas feedstock, is well below. As a result, urea usage has risen dramatically, if also erratically. Rice has also provided a more stable market for producers because of the fairly effective price support scheme.

As a result, land has been moved out of other crops into rice. Rice acreage over the past decade has risen from 8m to 8.9m hectares. Maize area has been erratic but overall almost static in the 2.5-3m hectare range, while land planted to cassava, sweet potatoes and soyabeans has in each case fallen significantly.

It is possible that the rate of growth in rice demand will soon level off and that further increases in incomes will be expressed in increased demand for protein-rich foods such as meat and dairy products.

That at least would raise demand for animal feedstuffs such as maize and cassava. Meanwhile the Government is trying to reduce the relative advantages given to rice production by extending some of the same intensification incentives such as seeds and credit to maize and trying to establish a floor price for the farmer. Maize is less sensitive than rice to poor soils and drought.

At present, however, it has several drawbacks. Except in parts of East Java and some outer islands it is not an acceptable food and thus not grown for subsistence. And for it to be produced for sale requires transport and marketing channels and drying and storage facilities. It is a difficult crop to store under Indonesia's hot and humid climatic conditions. There is also a need for new high-yielding maize varieties suited to Indonesia.

But there is much land at present planted to upland rice which in theory at least would be better off under maize or cassava. Indonesia has missed out on the great cassava export boom experienced by Thailand which is now exporting 5m tonnes a year of tapioca products. There has been a slight upward movement in Indonesia's production in recent years to 13m tonnes in 1978 but it is attributable entirely to an improvement in yield.

Cassava is eaten either as a fresh vegetable, in which form it is quite highly valued, or in processed and dried form as a cheap but none-too-palatable source of calories. The Government wants to develop cassava both as an export crop and as a substitute for animal feedgrain imports. The main problems lie with transport and marketing. Indonesia lacks the road and highly developed marketing network found in Thailand. Resulting inefficiencies mean low prices for farmers who are thus deterred from treating cassava as a cash crop.

It is hoped that devaluation will, by changing price relationships, encourage conversion of some land to cassava and maize for export or import substitution. It is also hoped that to encourage estate production. A 6,000-hectare private venture in cassava is under way in South Sumatra.

However, both maize and cassava will have to become more important in the future if development outside Java is to take place.

Java will remain dominated by rice. Its rich soil, generally heavy rainfall, density of population and well developed irrigation system all point in favour of rice. There is some scope for moving some upland and poor soil areas into other crops. But most Javanese rice is already grown on fields surrounded by banks to retain water for wet rice cultivation. Most such land is already irrigated but there is still opportunity for extending and improving irrigation systems and raising yields through improved seeds, water and fertiliser usage.

Currently crop yields average only around 2 tonnes of paddy per hectare, which is quite good in terms of developing Asia but far behind countries such as Korea and Taiwan. Plans call for an annual average productivity improvement of 2 per cent, the trend achieved in recent years.

To extend the planted area there are opportunities for large-scale reclamation works, especially in Sumatra, to turn swamps into paddy fields. Such projects must be done on a large scale, however, involving major inputs and organisation. Pertamina has for several years had such a scheme in hand but progress has been slow. Such schemes are more suitable for estate type production than for transmigation schemes though there are plans for nucleus estates linked with smallholdings.

Maize and cassava are seen as more important crops for the transmigation scheme, and for development outside Java generally. They are suited to the hilly country and generally poorer soils outside Java and are a more reliable if less desirable staple for new migrants. If the State can deliver adequate marketing and transport systems they should become important cash crops in these areas.

But that is still largely for the future. What is noticeable about Indonesian agriculture in recent years is that progress has been seen in the intensification of production in existing areas, notably Java, rather than the bringing into production of the vast uncultivated lands on the outer islands. Other than rice, which has benefited at the expense of other staples, the only major crops where there have been significant increases in acreage have been a few, mostly high-value, cash crops.

These share the characteristics of having a high value-to-volume ratio and mostly have thus faced fewer storage and transport problems. They are coffee, kapok, sugar, cloves, pepper and palm oil. Of these, palm oil is almost entirely estate production but the rest are mostly smallholder cash crops.

Between 1969 and 1977 the coffee area grew from 379,000 to 493,000 hectares, cloves from 89,000 to 265,000, kapok from 233,000 to 331,000, pepper from 40,000 to 58,000, sugar cane from 123,000 to 240,000 and palm oil from 118,000 to 181,000.

All these crops in total amount to only 1.5m hectares compared with 13m combined for rice, maize and cassava. But they indicate that given a combination of demand, whether domestic (such as cloves) or foreign (such as coffee), good prices and availability of transport and markets, Indonesian smallholders can respond. These crops are mostly grown for cash to supplement other semi-subsistance cereal production, though is some areas with reliable transport systems there is growing specialisation in non-food cash crops.

But not all high value smallholder cash crops have done well. Rubber, the most important area, has virtually stagnated at around 2.3m hectares. Yields too have been almost static, in contrast to neighbouring Malaysia where rapid productivity gains have been achieved. The poor performance of rubber despite the generally high prices it has enjoyed in recent years is attributed to two main factors.

First, it is primarily a smallholder crop and smallholders do not have the financial capacity to replant, thereby forgoing cash income for several years. Secondly, it is simultaneously labour-intensive and land-extensive, two factors which are exacerbated by low tree productivity.

Another traditional cash crop which has lagged badly in recent years is tea. Acreage has declined slightly and though production has remained steady this is attributed partly to a lowering in quality. Tea, which is produced both by estates and smallholders, has suffered from poor prices and high labour input. But like rubber, it is a crop which should benefit from the devaluation of the rupiah, but only if there is sufficient long-term confidence to spur replanting.

## Promoted

Palm oil was an attractive proposition even before devaluation and has been for several years promoted by agencies such as the World Bank. Production has increased from 188,000 tonnes in 1969 to more than 500,000 tonnes today. There have been big gains in productivity as well as acreage. The Government is confident that devaluation will spur new private and public sector estate investment.

Indonesia is looking to palm oil for two reasons—first as a source of foreign exchange, and second to meet growing domestic demand for vegetable oils. The traditional cooking oil is coconut, but income and population gains have outstripped copra production. With an estimated 60 per cent of the trees more than 50 years old there is urgent need for replanting. But that is difficult with such a dispersed smallholder product.

Exports stopped in 1976 and last year some 75,000 tonnes of coconut oil had to be imported. As a result the Government is trying to encourage consumers to switch to palm oil, which is increasingly being diverted to the domestic market. As a result volume exports are now almost static at around 400,000 tonnes despite continuing production gains.

Another important crop where production gains are needed to keep up with rapidly expanding consumption is sugar. Although production has increased 70 per cent since 1969 to around 1.5m tonnes, rising consumption means that imports are running at around 590,000 tonnes a year. Sugar output has responded to favourable prices, supplanting other crops in some areas of Java. But as a result yields have been falling as less suitable land is used.

The Government wants to see the development of sugar estates outside Java. But though it is a high value per hectare crop it is a fussy crop as regards climate and soil, and requires heavy investment in milling capacity. Even if modern estate production is successfully encouraged that will not necessarily do enough to help another need of rural Indonesia—job creation.

Agriculture simply cannot be looked at in terms of total production or just in terms of demand and supply—or even of meeting "basic needs." Social impact and employment effect also have to be taken into account as an overwhelmingly rural Indonesia fights to feed itself, to earn foreign exchange, to spread its population more evenly and to provide its people with work, with land and with realisable expectations.

# Exporting the forests

## TIMBER

RICHARD COWPER

A WINDFALL profit for 1979 log exports forecast at an extra $700m over 1978 will not disguise the fact that the way Indonesia's timber industry is developed over the next decade will provide a crucial test of the Government's ability to meet its aim of transforming an essentially primitive-style extractive industry into an advanced integrated forestry products operation.

With standard tropical hardwood prices rocketing this year to over double 1978 prices, experts say that Indonesia can expect nearly twice last year's export earnings of just under $1bn. Despite some production setbacks caused by bad weather and uncertainty over new Government regulations Indonesian timber exports in the first seven months of this year were—at $886m—up 65 per cent in value on the corresponding period last year. Timber, already the country's largest earner of foreign exchange after oil, could well account for 13 per cent of Indonesia's total foreign earnings in 1979.

The two key issues which the Indonesian Government has to face is how to avoid the Philippine experience which resulted in millions of hectares of prime forest being destroyed by shifting cultivation and the activities of unscrupulous loggers who, eager to make a quick killing, seem to have had little thought for either the ecological consequences or the stable future of the industry after all the best trees had been taken out.

The second issue which Indonesia has to tackle is how to ensure the extraction of maximum added value from its logs through the creation of a viable processing industry—not only to maximise foreign earnings and create local jobs but to eliminate current very high imports of wood related products. Yet at the same time the Government has to be careful not to discourage essential foreign investment in the industry by trying to do too much too fast. Nor should it put too many eggs in the processing basket before it is sure that it can get the price and quality of the finished product right.

As an export industry timber was of negligible significance until the latter part of the 1960s. Although more than 60 per cent of Indonesia's total land mass of over 5bn acres is tropical forest, in 1966—at the outset of the new political regime of President Suharto—the country's timber exports reached less than 3 per cent of that of Malaysia or the Philippines. The State of Sabah alone, in East Malaysia, with an area of production forest barely one tenth of Indonesia's, exported 25 times more hardwood logs.

But by 1972 Indonesia had emerged as a major producer and exporter of tropical hardwoods and was vying for world leadership with Malaysia. So rapid was the growth of Indonesia's fledgling industry that by 1975 realised output was worth $726m compared with the target of $110m. By 1974 timber was already accounting for over 70 per cent of category B exports—Indonesia's traditionally weak commodities of tea, copra cakes, hard fibres, rattan and timber.

### Leading

Today Indonesia is the world's leading exporter of tropical hardwood logs—in the 12 months from April 1978 it earned an estimated $1bn in exports, largely from the sale of logs. According to an announcement earlier this year from the Directorate of Forestry this should rise to $1.4bn in 1979 but this projection was made before the recent huge price rises which saw the price of a standard Kalimantan meranti samarinda log soar from $55 per cubic metre in 1978 to around $148 now.

By any standards the growth of the industry has been phenomenal: in production terms log output increased from 2.6m cubic metres in 1966 to 17.3m cubic metres in 1972, to a peak of 25.3m in 1973. After a depression in world demand in 1975 when it dropped back to 16.3m it rose to its current harvest of around 27m cubic metres, of which 18m went in log exports. Production for this year is targeted at around 30m cubic metres with 18.5m destined for log exports. Although the export production target for 1979 could be up to 1m cubic metres short exports this year should be worth at least $1.6bn.

In 1959 timber accounted for only 1 per cent of export earnings by value but by 1974 it represented 10 per cent of total exports and 32 per cent of non-oil exports. In 1978 it accounted for around 31 per cent of non-oil exports and some 10 per cent of total exports. In spite of the rise in oil prices timber should improve its position to around 13 per cent in 1979 and should account for nearly 50 per cent of non-oil exports.

But next to oil the development of Indonesia's timber industry has probably come in for more criticism than any other, with charges ranging from the absence of re-afforestation, erosion of soil, speculative brokerage of timber concessions and the coercion of small farmers to surrender their land to logging interests. At the heart of the criticism has been the argument that one of the country's major natural resources was being extracted at its lowest unprocessed value to the loss of both increased export earnings and income generation through the creation of added value, as well as to the detriment of much-needed indigenous job creation.

In 1977 only about 5 per cent of exported wood by value was in processed or semi-processed form while the major part (70 per cent) of locally produced sawn timber and plywood — worth around $250m —went to the domestic market. Meanwhile imports of printed matter, cork and wood products rose from $64m in 1975 to a record $122m last year.

In 1975 the Government ordered timber concessionaires to set up processing plants within three years of commencing felling, while 60 per cent of logs had to be processed within seven years. But this policy was less than successful, and not strictly enforced, and early last year impatient with the sluggish pace of Indonesian wood processing and manufacturing the Government doubled the tax on long exports from 10 per cent to 20 per cent, while abandoning a 5 per cent export tax on processed and partially processed wood.

In April this year the Government toughened its stance by announcing that 40 per cent of logs must be processed, while 75 per cent of lumber must be sold on the domestic market at Government-controlled prices, with the remaining 25 per cent available for export at world prices. One expert said that if this law were rigorously applied there could be "wholesale rebellion" among timber producers, while another pointed out that in practice the Government is likely to be flexible over its application. In any event it seems unlikely that the domestic market will be capable of absorbing all the new processed timber should the letter of the law be followed.

More realistically, the target set down in Repelita III, the third economic plan, is to reduce log exports by 2.6 per cent a year, from 18.5m cubic metres in 1979 to 16.7m cubic metres in 1983.

### Aim

In the short term the Government's aim of processing an increasingly higher proportion of logs in-country is likely to be made difficult by high production costs and technological and skilled manpower constraints. A total of 1,050 medium and small-scale mechanised saw mills and 16 plywood mills were in production during 1978, but inefficiency and a lack of price competitiveness meant that a large proportion of them were working at less than 50 per cent of capacity.

There are already signs that high log prices are leading to growing consumer resistance in the West to high priced plywood from Taiwan and South Korea. Policies to encourage domestic plywood manufacturing in Indonesia could backfire, according to experts at a recent Asian plywood manufacturers' conference held in Jakarta, if limits on log supplies were to drive plywood prices so high that U.S. and European consumers were forced to turn to cheaper substitutes.

In the longer term, however, Government legislation combined with growing labour and fuel costs in Japan, Korea and Taiwan, the three countries which together take almost 90 per cent of Indonesia's log exports, are likely to provide an increasing incentive to move processing operations into Indonesia. As one expert put it: "All Indonesia has to do is not to be too greedy and just ride the tide."

A rapidly increasing consumer of imported pulp in recent years, Indonesia still imports about 60 per cent of its paper needs, with most of the domestic production being produced by five state-owned corporations. For newsprint and kraft paper the country is wholly dependent on imports. To meet the Repelita target of self-sufficiency in writing and printing paper by 1984 five major pulp and paper projects are planned at a total investment of $1.1bn. Four of the projects are planned as joint ventures with foreign companies, but financing and development are still at an extremely early stage.

To meet growing charges of indiscriminate felling and widespread deforestation Indonesia says that it aims to spend S$6m this year on replanting and regenerating 300,000 hectares of forest plus repairing 700,000 hectares of useless grasslands. Most experts agree that so far the reforestation programme has not been a success and that the target for this year is too ambitious. Bad planning and a shortage of know-how and skilled manpower is said to be the main cause.

While an acute shortage of forestry officials makes it difficult to exercise full control over the selective cutting regulations perhaps the most damage is done by shifting cultivation, where locals slash and burn forest for agriculture, often moving on every two years. The FAO puts the total area of Philippine forest destroyed by slash and burn at around 150,000 hectares a year. Although the problem is not so great in Indonesia the Department of Forestry estimated that a total of 9.8m hectares of forest land had been destroyed up to 1975.

Despite these problems experts estimate that Indonesia has a maximum sustainable allowable cut of up to 55m cubic metres a year, twice the present annual rate of 27m cubic metres. And with downward log export trends in Malaysia and the Philippines, the market for Indonesian logs seems secure. Given rising prices and an expanding local market only a world depression and severe cutbacks in the U.S. and Japanese construction industries could spoil what appears to be an extremely rich future for Indonesia's timber industry.

# Plan to remedy overcrowding

## MIGRATION

RICHARD COWPER

IF AMBITIOUS plans by the Indonesian Government are realised, war-torn South-East Asia—victim in the past few years of one of the greatest forced movement of peoples in recent history—will witness over the next five years a massive transmigration of a more peaceful and voluntary kind.

The three Indonesian islands of Java, Bali and Madura account for only 7 per cent of the country's total land area, yet together they support around 87m people—almost 65 per cent of Indonesia's estimated total population of 140m. With densities in rural Java and Bali averaging over 1,450 people per square mile and population growing by around 1.5m a year, pressures on land, jobs and food are becoming unbearable.

As part of the Government's strategy for dealing with the problem Indonesia plans over the next half decade to move up to 500,000 families—roughly 2.5m people—out of these overcrowded and poverty-stricken islands to the less populated and developed Outer Islands of Kalimantan, Sumatra, Irian Jaya, the Moluccas and Suawesi. If targets are met this would make it one of the largest officially sponsored peaceful resettlement programmes ever attempted in Asia.

While the transmigration programme is not viewed as the ultimate solution to Indonesia's population imbalance—plans to reduce fertility, improve agricultural output and create new manufacturing employment on Java and Bali will continue to be given high priority—strenuous efforts are now being made to provide sufficient manpower, resources and finances to turn what in the past has been a rather half-hearted policy into one which will have far-reaching consequences for the future development of the archipelago.

The Government expects to spend anything between $1.8bn and $2.5bn on the project over the next five years in an all-out bid to reach somewhere near the Repelita III (third economic plan) target of moving 500,000 unemployed or under-employed families. Around $1.5bn is likely to come in the form of loans from the World Bank and other foreign donors, with Indonesia providing the rest. Some 6,000 civil servants are already involved in the programme and purchases of about $700m worth of land clearing equipment alone are likely to be made. Six transport planes have already been bought with more purchases on the cards.

With President Suharto now firmly committed to the expanded scheme, efforts to transform what up to now has been a somewhat chaotic planning system into a more co-ordinated approach has resulted in backing at the highest level, with Ministers from the departments of Transmigration, Home Affairs, Agriculture and Transport meeting regularly to supervise the programme.

### Foster

The aim is not merely to take some of the pressure off Java and Bali, but to foster the development of the Outer Islands, increase per capita income, give landless peasants a chance to own their own land and generally to raise Indonesia's output of food and agricultural products while fostering national integration. Indonesia is currently the world's largest importer of rice and this is proving to be a source of increasing worry to the Government. At the same time it is hoped that migrants will provide a source of labour for a number of growing Outer Island industries such as logging and timber processing, oil and gas extraction and refining, mining and paper production.

But plans to move such a vast number of people in such a short period of time—many of whom will have been used to totally different life-styles and methods of agriculture—has attracted widespread criticism.

Although the setting up of new co-ordinating bodies has been a step in the right direction bureaucratic in-fighting and empire building has in the eyes of many cast some doubts on the ability of the Government to achieve such massive aims. While current plans do exhibit considerable imagination, if the programme is not to become merely a bonanza for commercial and bureaucratic interests, it is agreed a lot more still needs to be done in terms of organisational planning.

The World Bank, which has already committed $190m for two transmigration projects and is likely to provide up to $1bn over the next five years in loans, appears to have had some success in forcing a slowing of the pace. Privately the Ministry of Transmigration now admits that the original targets expected too much too fast. Publicly, however, the targets still stand.

The sheer logistics of surveying and clearing by 1984 some 3.1m acres of land—roughly equal to an area the size of Northern Ireland—as well as building houses, roads, schools and hospitals for the 250 proposed settlements each containing 2,000 families, speak for themselves.

Moreover, the history of transmigration makes disquieting reading; more than 70 years of experiments with various schemes have yielded meagre results. From 1905, when the Dutch first embarked on a policy of moving people to the Outer Islands, until last year less than 1m people were moved from Java in official transmigration programmes. Meanwhile the population of the island increased by some 56m. So far official targets have nearly always been overoptimistic and transmigration has certainly never proved a panacea for demographic redistribution.

For example, the Government's second five-year economic plan (1075-79) target was originally 250,000 families. This was later reduced to 100,000 families but by March this year

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# Key role in home strategy

## BANKING
### PHILIP BOWRING

THE GOVERNMENT probably has more direct control over the banking system than over any other major economic sector. There are basically two reasons for this: one good, the other of doubtful merit.

The first is that Bank Indonesia, the central bank, operates what by local standards is a tight surveillance of the commercial banks, at least in macro terms. Though the quality of bank loan portfolios may not bear too close a scrutiny, the central bank, headed by its able and affable Governor Rachmat Saleh, has been able to keep some control on monetary aggregates. That has been an important achievement in recent years when rising, sometimes soaring, oil revenues have exerted very strong inflationary pressure on the economy.

At present the banking system is bearing the brunt of the Government's attempts to put the lid on the inflationary spiral induced by two major developments — the late 1978 evaluation of the rupiah, and the recent 50 per cent rise in oil export prices which has occurred this year, coinciding with buoyant revenues for other exports.

It may seem strange that monetary policy should assume such importance in a country where subsistence agriculture and barter trade are still common. But the Government has few enough tools at its disposal for influencing the economy. And after the hyper-inflationary last days of the Sukarno regime, a reasonably stable money and a stable society have seemed to go hand in hand. Stable money encourages monetisation of the economy and stimulates the savings needed for development.

Generally, the monetisation of the economy has allowed money supply to increase very much faster than nominal national income. However, this year the Government is trying to use money as a lever to stop the price rise by trying to hold credit growth below the nominal GNP growth.

Consumer price inflation is likely to work out at a minimum of 25 per cent for calendar 1979, and more likely 30 per cent. Meanwhile the Government is trying to peg credit increases to no more than 20 per cent. It can do this by setting ceilings on the increase in the total domestic assets of the banks so that additional deposits have to be either placed offshore or held with Bank Indonesia—these are two types of asset which do not count for purposes of the asset ceiling.

In mid-June, for example, total outstanding rupiah credits were only 8 per cent higher than in December, far behind the rate of price increases since then. Consumer price increases have slowed, but the increase for the year overall in prices is still expected to be about 30 per cent, well ahead of credit. This very tight credit policy has caused much squealing from commerce and industry which question its effectiveness as a means of keeping down devaluation-induced price rises. But there seems little doubt that the tight money policy will be maintained until the Government is sure that it has got the post-devaluation inflationary spiral under control.

The State banks have roughly 80 per cent of banking assets with the national private banks having around 11 per cent and the foreign banks about 9 per cent. The Government wants to encourage the private banks to act as a spur to the State banks. At present there are nearly 80 licensed private banks but most are either inoperative or very small. The Government is trying to encourage mergers through incentives such as acquisition of a foreign exchange licence—so far only eight private banks are thus licensed.

But the owners seem reluctant to sell out, in expectation that licences will become more valuable in the future. At present only a few private banks such as Bank of Central Asia and Pan Indonesia Bank, are known names. They mostly represent Chinese family business groups.

Devaluation last year was a setback for the private banks, some of which got into temporary difficulty as deposits were withdrawn by businessmen needing more capital for finance, or withdrawn to Singapore out of fear of a further fall in the currency. Some banks made losses because they had uncovered positions on import letters of credit. Bank Indonesia stepped in to provide temporary credit lines.

### Setback

A private bank, Bank Dagang Nasional, got into difficulties in mid-year, falling behind on payments of some U.S. $25m or more to foreign banks. The bank appeared to have expanded too quickly, helped by, selling short-term paper abroad. The episode was a setback to Bank Indonesia hopes to build up the role and status of private banks.

State banks did not face devalution problems because they have long been very liquid—because of the asset ceiling—and had substantial foreign currency assets on which they made big devaluation profits.

But profits are something of a rarity for the State banks, which have had to make some massive bad debt write-offs in recent years. Most spectacular was the house cleaning needed at the largest of them, Bank Bumi Daya, after a management shake-up two years ago. The new boss, Mr. Omar Abdullah, who moved over from Bank Dagang Negara, is credited with some major improvements and Bank Indonesia has taken to keeping a closer watch on the quality as well as absolute size of the State banks' loan portfolios.

But the State banks have had a genuine dilemma, having been charged with funding almost from scratch the creation of a pribumi commercial and industrial class. Corruption and political influence peddling have added to this fundamental problem.

The State banks have also not been profit-oriented as for many years they were supported by an interest subsidy from the Government. Deposit rates were maintained at a high level to encourage savings and the use of banks, while borowing costs were held down to encourage investment. That unusual but quite effective arrangement has now been almost phased out. Deposit rates have been gradually brought down so that they now stand at 9 per cent for one year and 12 per cent for two years. Lending rates range from 9 per cent to 21 per cent.

The private national banks are not limited in the amount they pay either on deposits or loans. Both are significantly higher than the state banks' rates, with time deposit rates currently around 16 per cent for 12 months.

Because of the high cost of funds, the private banks do not participate very actively in the interbank money market which has grown up in recent years, partly as a result of the introduction of non-bank financial institutions looking for new funding methods, and a role for themselves.

Essentially, the State banks are the primary supplier of funds to the interbank market, which is a convenient and easy place for their liquid assets. The main borrowers have been the foreign banks. Though the foreign banks can pay any amount they like for deposits, they have considerable funding problems. They have a high proportion of prime borrowers expecting low lending rates. They are allowed only one branch and one sub-branch in Jakarta and nothing in the provinces. They cannot offer savings accounts. And like the national banks, interest on their deposits is taxable. State bank interest is tax-free.

Foreign banks have had a particularly difficult time recently. They lost some deposits at the time of devaluation but then found that they were being squeezed in the interbank market, too. To keep credit tight, Bank Indonesia has imposed tight ceilings on the amounts State banks placed with the money market.

The foreign banks also faced a ceiling, too, on the covered dollar/rupiah swaps they could do with Bank Indonesia—a limit of $U.S.20m per bank. And few foreign banks were willing to take uncovered foreign exchange positions. The foreign banks are now pressing Bank Indonesia to raise the swap limits.

But meanwhile interbank rates have been pushed up to around 15 per cent for one-month money, against 9-10 per cent a year ago. And foreign banks generally have been unable to reach their asset ceilings despite the high loan demand for funds and the relatively small annual asset growth—around 10 per cent—allowed for foreign banks.

### Excellent

Not that they complain all that loudly. Margins over the years have been excellent. They are also able to organise offshore dollar funding for companies in Indonesia. Foreign companies in Indonesia—that is, any company with foreign equity participation — cannot borrow rupiahs long-term. And in the past, many foreign companies—particularly Japanese—have also used offshore money for their working capital requirements because of its lower cost. Several took massive book losses as a result of the devaluation, which spurred them to seek more rupiah funding in future.

The size of foreign currency private sector debt in Indonesia is not at present known, though last year Bank Indonesia asked banks and representative offices to supply figures. It certainly runs into several billion dollars. Japanese investment in Indonesia alone is officially put at $U.S.3.6bn, of which the majority would be debt not equity.

The foreign banks are not alone in the offshore lending business. No new foreign banks are being allowed into the domestic market but there is no difficulty in setting up a representative office which can arrange offshore loans.

It seems unlikely that more foreign banks will be allowed in the foreseeable future. However there is an argument that some branches be allowed outside Jakarta to act as an attraction to foreign capital and provide a little competition to the State banks in handling export business.

The capital market got off the ground two years ago with the re-organisation of the stock exchange—then still just about alive trading a few Dutch issues—and the float of the first local company, PT Semen Cibinong, a joint venture cement producer. Things have been slow to move. Hopes that late 1978 would see a spurt of new issues were dashed by the devaluation. But now a major issue in the near future—a rupiah 16bn one by British American Tobacco, has just gone ahead. That should of itself increase the size of the market five fold and if successful lead to a spate of new issues, mostly by joint ventures looking to enlarge their local ownership, and attract the tax advantages given to those which go public.

The concept of share ownership is still very much in its infancy in Indonesia and the Government is clearly more concerned to see the spread of ownership than the encouragement of an active and perhaps speculative market in shares.

The dominant factor in the market for the foreseeable future will be PT Danareksa, the Government's own multi-purpose financial institution. Danareksa has the right to underwrite up to 50 per cent of each issue and sells participating certificates to the public—allowing very small investors who would not be able to deal direct to acquire share interests. Danareksa will also form a unit trust.

The Government is also expected to change the law soon to allow insurance company and pension funds to be invested in shares. That would greatly enlarge the pool of available savings. Rapid development of the capital market should be possible. But it is likely to be of a structured sort, rather than the hyper-active, free-wheeling kind seen in Bangkok after the stock exchange of Thailand was reorganised five years ago.

# Overcrowding

CONTINUED FROM PREVIOUS PAGE

at the end of the plan only 60,000 families had been moved. Many experts have grave doubts whether, even with the money available, the present plans are feasible.

Some critics have gone further, arguing that rather than investing huge amounts of public finance in such programmes the Government would be better advised to stimulate spontaneous migration through encouragement of large scale private investment outside Java.

Others have objected to what they regard as a policy devised mainly for strategic and security reasons. These critics —often people from outside Java — see transmigration largely as a policy for Javanising the Outer Islands. While it seems unlikely that this is a prime motive, most officials do believe that it will further national integration and in some high security areas such as North Kalimantan, along the border with Sarawak where an anti-Government Communist movement has operated for many years with relatively little hindrance, individual projects may contain a significant element of military thinking.

There have also been arguments over the social and economic desirability of the programme, a debate which largely stems from the poor implementation of many of the projects so far. In the past several hastily conceived schemes merely resulted in migrants being transported from one form of poverty to another. This coupled with the problem of coping with what was often an alien cultural and social environment meant that in practice many returned to Java as soon as they could scrape the money together for the journey.

It is now largely realised that if the transmigration policy is to work there is little point in transporting a migrant half way across the archipelago, giving him a parang and a few seeds and expecting him to make a go of it. Not only does he need a house, cleared land and seeds, but research needs to have been done on the best crops for the local soil, infrastructure, school and medical facilities have to be provided and, most important of all, there has to be somewhere for the farmer to market his produce.

### Adviser

One key need that experts maintain is vital is that a migrant—who may well find himself growing crops of which he has no experience—must have access to an agricultural adviser after he is on site. All this takes time, money, excellent planning co-ordination and considerable expertise — an uphill task for a nation which is plagued by an unwieldly and inefficient bureaucracy and a severe shortage of skilled manpower.

It is clear that there is considerable political pressure on the Department of Transmigration to meet over-ambitious targets, but against this must be balanced the more cautionary approach of the World Bank and the increasing realisation by many of those involved that the political and economic risks of herding vast numbers of peasants from one kind of poverty to another are very great.





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# The brick the BBC dropped

BY ARTHUR SANDLES

IT WOULD be difficult to overstate the fury felt within the upper ranks of the BBC about the actions of its Panorama television crew in the village of Carrickmore, Co. Tyrone last month. For the Corporation the whole row could not have come at a worse time. Battling against external services cuts and fighting for the sort of increase in the licence fee which would enable it to compete to some extent with the recent ITV pay rises, the BBC now sees the rug pulled from under it—and it sees that damage to have been done from within.

The more melodramatic voices within the Corporation feel that the Carrickmore affair could severely damage the BBC for a decade. The picture they paint is as follows: Government, angry at this latest turn of events, will be less than generous with its licence fee increase. The BBC, after a difficult series of negotiations will settle its pay talks at a figure considerably below ITV's 45 per cent over two years. ITV2 opens and the best BBC staff will leave en masse for the new channel.

Going through this prospect yesterday, one BBC executive muttered wryly: "Well, they can take the Panorama team for a start."

Unfortunately for the BBC, the two people who are most likely to be upset by the Carrickmore incident are the ones they need most as allies at the moment, Mrs. Margaret Thatcher and Mr. William Whitelaw. Mrs. Thatcher has still not forgiven the BBC for its interviews with the Irish National Liberation Army after the Airey Neave murder and this latest event can only consolidate her suspicion of BBC journalists and the ability of the Corporation to exercise control over its own staff. Mr. Whitelaw, on the other hand, has been a consistent ally of the BBC until this week. In spite of opposition from other quarters, he has given strong hints of an enthusiasm for putting the BBC on a firm financial footing.

The men put in the hot seat: BBC chairman Sir Michael Swann (left), Home Secretary Mr. William Whitelaw, the director general of the BBC, Mr. Ian Trethowan, and his deputy, Mr. Gerard Mansell (right)

*By a remarkable coincidence* Mr. Whitelaw's views on BBC activities over Northern Ireland were given an *airing on BBC* Radio Four earlier this week.

Talking of BBC interviews with terrorists, he said: "I have a terribly split mind about that. There are a great many people who say you should never under any circumstances interview them. Well, there are two arguments. The first is that they should never by glorified *by being interviewed*, and that's right.

"But then there comes the question; are they glorified by being interviewed or is the shallowness of their position, the shallowness of their argument, shown up by being interviewed? On the whole I have to admit, when I was in Northern Ireland, I much preferred that they were not interviewed, and I think I'm still of that opinion, but I don't hold quite such strong views about it as some people do. I realise there is another argument but, on balance, I would prefer that they weren't interviewed."

Elsewhere in his interview *Mr. Whitelaw gave an indication* of how he feels about the risk of an incident of just the type *the BBC seems now to* have become involved in.

"I do not believe they check up *sufficiently before they* decide that they are going to interview somebody — make sure that if they have to *interview him they really know what* that particular person is, or something more about him. I think the chance of being given a false steer in the Irish world generally is very great."

At first sight, and certainly this is the view taken within the BBC of the affair, the Panorama team fell for one of these "false steers." Although the BBC itself did not stage manage the blockade of Carrickmore, the *events of that day were clearly* stage managed for it.

The Panorama team says it went to the village as the result of an anonymous telephone call. If that is the case then the BBC heart chills at the prospect of what might have been waiting for the crew when it arrived, a set piece ambush of an army patrol perhaps? "What would have happened if the army had turned up? Would they have stood back and filmed the gun battle that followed?"

*So sensitive an issue is* Northern Ireland that there are standing orders within the BBC *that any proposal to interview* or film anyone connected with any terrorist organisation must be referred upwards for a decision.

Mr. Ian Trethowan, director general of the BBC, now recovering from a recent heart attack, has made his caution clear. "We have a situation at the Westminster Parliament where, whatever the differences there may be between the different parties they are all operating within the normal democratic procedures and therefore we have a duty to balance the argument. Now, this simply doesn't apply at all in Northern Ireland when you are dealing with the men of violence and when you are dealing with terrorists. That is why during the ten years of the emergency we have done separate interviews with the representatives of the terrorist organisations only four or five times."

The filming of an armed unit *of the IRA clearly would* be the sort of event which ought to have been referred to the *very top* for a decision, in this case the top would have been Mr. Gerry Mansell, the deputy director and the man who is standing in for Mr. Trethowan at the moment. Mr. Mansell's reaction in firing off a sharp public note of reproof to the Panorama team demonstrates that he knew nothing of the events leading up to Carrickmore. This is unlikely to impress the Government, however, since it will want to know how such a major decision can be taken without Mr. Mansell knowing about it.

The whole matter has now moved into the lap of the Governors of the Corporation, a gathering of 12 people who a decade ago were of little consequence in terms of real power but who today have a much *stronger say in BBC affairs*. The drift of power into the hands of the Governors has taken place *gradually*, partly due to the character of chairmen and directors general in recent times, and partly because the Corporation has been keen to show that it is not run by a central dictatorship. The Labour Party threat of a series of intermediary Government-appointed Boards to supervise various BBC activities further accelerated the heaping of not only power, but also responsibility on the shoulders of the Governors.

It has not been overlooked by senior BBC staff that the row over Northern Ireland also coincides with the forthcoming retirement of Sir Michael Swann as chairman of the Governors. Hopes that he might be replaced by a broadcaster, or at least someone whose basic sympathies are with broadcasters have been somewhat dimmed by the events of the past few days. There must now be a strong temptation on *Government to ensure that a* firm disciplinarian is placed in the central seat at the BBC.

*Although it* could not be said that this would never have happened in ITV, the chance of it happening are less since the constraints on commercial television are much stronger. The BBC is controlled by its charter and is ultimately responsible only to the Home Secretary. The main weapons he has if he is really angry is the licence fee and the appointment of Governors. ITV, however, is subject to an Act of Parliament and the Independent Broadcasting Authority is required to ensure balance and responsibility. This leads to frequent clashes between the broadcasters and the IBA but the Authority is able to fall back on law, rather than ethics, which is the main theme of arguments about BBC programmes.

The exposure of the BBC to pressure from the Government about the level of the licence fee is something which has worried the Corporation for a very long time. Indeed since inflation reached the sort of levels which sent the BBC running back to the Home Office for more money with increasing frequency, the likelihood of a piper and tune-caller relationship being struck up has increased.

## Relationship

Mr. Whitelaw says of this *relationship*: "*I think it is up* to the Government of the day to try to divorce the licence fee *from its feelings about what* may have happened, but I know it is jolly difficult. I think you have to face it that politicians, from time to time, feel bruised by something that has happened to them in broadcasting. And, I suppose, as we are all human, that may affect, from time to time, their feelings about the BBC's financing. I think they mustn't allow it to happen and I myself would very much regret it if I allowed that to creep into my attitudes."

Again in that fortuitously timed Radio Four broadcast, Mr. Trethowan also added his view that "we are perfectly clear that we don't, I mean, don't do anything fatuous but, nonetheless, we do not trim our sails." He went on, interestingly enough, to say: "On the other hand, lower down, among producers and journalists, I think from time to time one does hear them say: 'Oh, maybe we should be more careful'.

"And I spend my time saying: 'Not, I mean don't do anything damn silly now or at any time, go ahead doing your proper, professional journalistic job'."

The row that is now going on within the BBC is over whether the Panorama people were doing their "proper, *professional, journalistic job*" or whether they were being "damned silly." At Lime Grove, the BBC television headquarters, there is some feeling that the team is simply being berated for doing what any other journalist would have done in the same circumstances. It is argued that the BBC reaction to political complaints simply demonstrates how far down the line the BBC establishment has gone in trying to conciliate the politicians in order to achieve a reasonable licence fee.

However, there is some concern that members of the Panorama team failed to recognise the peculiar position that the BBC is in or the power that they in fact wield. There is little question that senior BBC management, and most of Westminster, sees that the Corporation has been enveigled into a carefully planned IRA publicity exercise which was professionally carried through right up to the release of information about the sealing off of the village.

Even if the BBC manages to come out of it financially sound and Mr. Whitelaw somehow lives up to his hope of never letting his views of BBC attitudes affect his assessment of BBC cash needs, there are grounds for suspecting that the Carrickmore row will make the arguments over *Yesterday's Men* seem like a gentle family squabble.

# Weekend Brief

## Oh how the money rolls in

London fathers with daughters, say between the ages of eight and 14, will be well aware that the Swedish money making machine known as ABBA have been in town this week.

The six concerts at Wembley arena culminating tonight, and each one a sell out, have attracted thousands of starry eyed young ladies from their independent schools in the stockbroker belt.

*Pot will not be* smoked, chairs will not be broken, nobody vomits, punk people *with orange hair stay away* and safety pins are used only to replace the broken elastic of suburban knickers.

ABBA (the first B should be reversed according to the registered trademark but it's typographically difficult) are on a major tour which has taken in Canada, the U.S., Scandinavia, Europe, the UK and finally, Dublin.

The marathon from September 13 to November 15 has cost the organisation £750,000. More than 50 people are involved. ABBA's own private jet is *supplemented* by chartered aircraft and a Hawker Siddeley in the States which once belonged *to Howard Hughes and has a* duplicate set of controls so that the recluse could see just how *high he was. Hotel and promotion* costs are enormous and Stig Anderson, the group's 48-*year-old business manager and* father figure thought they might just about break even, or make *a small profit by the time* the tour ends in Dublin.

Either way, as he says, it has *been a remarkable public relations* exercise. Although they are all in the business to make *money they are pleased that the* tour has given a chance to the millions of fans to see in the flesh the people who provide the sounds on their record players. The spin off comes in soaring record sales and although a relatively small part of income what the business calls merchandising, sales of T shirts, badges etc.

Anderson is proud of the fact that his four protégés are Sweden's biggest overseas earner after Volvo. Individually the four pay 85 per cent income tax and the companies up to 56 per cent corporate tax. For sentimental and family reasons they all prefer to live in Stockholm. Tax havens have been thought about and rejected. With the growing diversification, if the group should break up there is now a business empire to look after.

The spread covers oil importing they sell it on the spot market in Rotterdam; property including houses, commercial blocks, an art gallery and perhaps the latest in recording studios. "We can't use it," says Englishman John Spalding, vice-president of Polar Music International, the company which processes the *singles and albums* of what is now the best selling group after the Beatles. "It's booked solid by English groups."

The empire grows daily with acquisitions and more investments. One of the latest is Monark, Sweden's biggest *bicycle manufacturer*, a tours company, a finance and leasing organisation.

*Critics* say their music is bland and uninteresting. They may be right but the blend has hit the market of middle class schoolgirls and their pocket money has made a few Swedish fortunes.

Trevor Humphries

ABBA: Critics say their music is bland and uninteresting but they are now Sweden's biggest overseas earner after Volvo.

## British tripe with Spanish style

Under the proposed official information, supression thereof act it will probably be illegal to mention what Her Majesty's armed forces have for dinner. *That restriction doesn't* apply in Barcelona for I am now in a position to reveal the favourite *dish of the Spanish army*, well, certainly of the divisions stationed in Catalonia. It is *British tripe, and the lads get* through tons of the stuff every week.

Alan Shave, Britain's commercial consul in Barcelona, was the man who tracked down the tripe through his London counterparts at the Export Services and Promotions Division at the Department of Trade and Industry and arranged for it to be shipped out here every week. "A leading offal dealer came to us here at the Commercial Division of the Consulate, said he wanted two 20-ton lorry loads each week, most of it would be going to the army, could we do it? Through Export House, in *London, we found a supplier* and now everyone is happy." Especially the soldiers.

What Shave is *running here*, and indeed what his colleagues all over the world are running, is basically a high-class matchmaking bureau. Spanish buyers *wanting to buy British products* visit Shave and are given the names of, or put in touch with potential suppliers *in Britain*.

But while thousands of Spanish companies use the service at this end it is surprising how many companies in the *UK are ignorant of its existence*. "It is amazing how comparatively few British businessmen use our services," says Shave, who is now 2½ years through his tour here after filling similar roles in Chile and Bolivia.

"They seem to think that all *we do here at the Consulate* is go to cocktail parties and talk politics with other diplomats but they couldn't be more *wrong*. We have a highly efficient commercial information service; if a business is *thinking about* exporting to Spain we can for a small fee (only £50 a country), look at the market to find out if there is a potential for his particular product—sometimes the market may be already so well served that we will say *don't bother*. But *if it appears* there is a market we will visit all the potential customers to find out their specific requirements and then do a status report on each one of them.

"The only thing we don't do is actually arrange the appointments but we will give him the names and telephone numbers of people who we know are interested in his products. By using our services he can save himself a tremendous amount of time and money—because don't forget while I am looking for potential customers here my colleagues in Bilbao and Madrid are doing the same thing. So while there may be a glut of, say, left-handed spanners here in Barcelona there may be a great gap in the market for them in Madrid. Talking about Madrid, by the way, there is a man looking for 20 tons of British winkles a week. If you know anyone who can do 20 tons of winkles every week we would love to hear from him."

## Mother of invention

"Oh, why doesn't somebody invent . . ." starts the wail of despair when we find ourselves balked by rain, sun, clothes, conventions or whatever. A delicious new book, quite *modestly sub-titled* "an extraordinary extravagance of eccentric ingenuity," shows that *in most cases somebody did*.

Rodney Dale and Joan Gray were working for a Cambridge company that makes its money from invention when they recognised what an astonishingly fertile source of ideas—and fun—was the patent *literature at the turn of the century*. In the years 1901-05 over 140,000 British patents were granted. They were the years, say the authors, when the "safety valve of Victorianism blew, so to speak, and the Edwardian era began with a bang." *From the 140,000* they have sifted 600 samples of Edwardian eccentricity.

Preparing oneself for public appearance was a great stimulation to invention, it seems. The pages are sprinkled with ingenious fasteners and braces for *securing*, if that is the word, the whole ricketty edifice of an Edwardian out riding or off to *dinner*.

Health and wellbeing was another preoccupation—though when was it not? In 1904 an inventor who describes himself *simply as a gentleman came up* with the "orthopaedic hat" which one friend of mine keeps telling me he craves to help him get through the mornings. A Prussian count called Skorzewski invented "apparatus for facilitating walking or *running*." Dr. Abée devised a better truss for supporting a flagging heart. A merchant *called Kaufmann contrived* an oral lavatory brush "for suitable treatment of the tongue of men and *animals*." A chemist invented a gentle spring-loaded clamp to stop bedwetting.

The bowels offered a considerable challenge with inventions that range from the irrigator "to prevent or check appendicitis or kindred diseases" to Boddy and Bottomley's pills for piles.

Cosmetic adjustments to nature's provisions abound, with ideas for "curing" double chins and putting hair on bald pates; and devices for remoulding the contours of the bust, mouth, ears and fingernails, and for "training" the moustache. A sailor called Xavier Henry Leder devised a simple "foul breath indicator," whereby one breathes into a U-tube which *allows the user to smell his own* breath. But he offers no cure.

It was also the era when most of the currently fashionable ideas for "benign and renewable" energy were first being explored—in the quest for perpetual motion. As the authors remark *drily*: "Knowing that something is impossible is, to some, merely a challenge."

So we find Henry John Noonan, upholsterer, patenting a "motor" which uses "falling weights to turn a flywheel which raises other weights to fall in their turn, the whole providing a means of sustaining energy undiminished." Another hopeful patented a ship which draws its propulsion power from the "rising and falling wave motions of the water." A doctor devised a spring-loaded heel "to facilitate walking by neutralising the impact produced at each step by the weight of the body and so reduce fatigue."

But for sheer effrontery, the prize for perpetual motion must go to Mr. Whitney's "method of collecting and putting the practical use of electricity from the interplanetary ether," patented in 1903. His scheme is to throw a cable 150 miles long, by "powerful cannon or airship," into the air. Once aloft, "the electric force of the ether itself will serve to keep the cable taut" while it acts as a conduit for free electricity. Nor is the inventor perturbed by the problem of levitating such a cable for as he sagely observed "*it is only necessary to furnish* energy to lift the furthest end of the cable the first 17 miles, whereupon the electric force in the ether will take over and carry the cable into orbit."

By 1911 American patent examiners required more tangible evidence from the inventor that his perpetual motion machine would work. But in Britain persuasive prose sufficed for another 21 years.

**Edwardian Inventors by Rodney Dale and Joan Gray, A Star Book (W. H. Allen), £3.95.**

Contributors:
Max Commander
Robyn Wilson
David Fishlock

# Economic Diary

**TODAY**—Mr. Len Murray, TUC general secretary, attends Labour *Party rally against cuts in public* expenditure. Newcastle upon Tyne.

***MONDAY***—*Mrs.* Margaret Thatcher speaks at Lord Mayor of London's banquet, Guildhall. Two-day meeting of European Central Bankers opens in Basle. Two-day meeting of Agriculture Ministers opens in Brussels. Final stages of Southern Rhodesia Bill in House of Commons. European Parliament in session, Strasbourg. Index of industrial production (September provisional). Retail sales (October provisional). Turnover of the catering trades (third quarter). *Statement by Independent Broadcasting* Authority on fourth channel proposals.

***TUESDAY***—*Miners'* pay talks resume in London. Building Societies receipts and loans (October). "The Times" first day of publication since dispute. President of Indonesia arrives on *State visit to U.K.*

**WEDNESDAY**—Balance of payments current account and overseas trade figures (October). Indices of average earnings (September). Basic rates of wages (*October*). *Cyclical indicators* for the UK economy (October). Two-day Financial *Times conference* "Changes in the Economy" opens, Café Royal, London. President of Indonesia *at City of London banquet, Guildhall.* Medical Research Council annual report.

**THURSDAY**—UK banks' assets and liabilities and the money stock (mid-October). London dollar and sterling certificates of deposit (mid-October). Consumers' expenditure (third quarter — second preliminary estimate). Commons second reading of Protection of Trading Interests Bill.

**FRIDAY** — Ford pay talks *resume*, London. Retail prices index (October). Tax and price index (October). Usable steel production (October). Preliminary estimate of gross domestic product based on output data (third quarter).

**SATURDAY** — Mrs. Margaret Thatcher speaks at Conservative Trades Unionists conference, Sherwood Rooms, Nottingham.

# UK COMPANY NEWS

## Wolseley-Hughes exceeds forecast by over £1m

Wolseley-Hughes exceeded by more than £1m its £11m profits forecast for the year and as predicted, the dividend is to be increased substantially.

The merchanting, agricultural and engineering group pushed up taxable profits from £9.07m to £12.37m in the year to July 31, 1979, on turnover well ahead at £156.1m, against £131.8m.

The dividend is being lifted from 7.4833p net to 10.4245p with a final of 6.7642p—equivalent to a increase of a third on the original payment. Stated earnings per 25p share are up from 54.54p to 62.54p.

The 33½ per cent dividend rise and the profits forecast were made at the time of the John James Group of Companies acquisition.

The directors say that they were able to better the profits forecast because of a stronger finish than anticipated, lower interest charges due to reduced borrowings in the closing weeks of the year and improved margins.

The merchanting operations raised their year-end trading profits from £6.4m to £9.25m and the agricultural and gardening side from £1.5m to £2.4m. Profits of the engineering division fell from £1.8m to £1.5m.

The directors say the agricultural and gardening equipment operations did well in not too easy a trading year and benefited from the full year's profits from P. J. Parmiter.

They add that the engineering division profits were lower because of the absence of large overseas contracts.

Interest charges for the year were £777,000 (£710,000). Tax, SSAP 15 adjusted, takes £4.01m, compared with £1.64m.

The attributable surplus is up from £7.27m to £8.48m after minorities and extraordinary credits.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Sales | 156,078 | 131,808 |
| Merchanting | 111,257 | 92,236 |
| Agric./gardening | 28,303 | 22,801 |
| Engineering | 16,518 | 16,771 |
| Trading profit | 13,146 | 9,773 |
| Merchanting | 9,248 | 6,424 |
| Agric./gardening | 2,373 | 1,539 |
| Engineering | 1,525 | 1,810 |
| Interest | 777 | 710 |
| Profit before tax | 12,369 | 9,072 |
| Tax | 4,013 | 1,638 |
| Net profit | 8,356 | 7,433 |
| Minorities | 23 | 174 |
| Extraordinary credits | 161 | 21 |
| Preference div. | 6 | 6 |
| Attributable | 8,480 | 7,274 |
| Ordinary div. | 1,387 | 995 |
| Retained | 7,093 | 6,279 |

**● comment**

Despite the expected slide in engineering profits, Wolseley-Hughes has done enough elsewhere to produce a 36 per cent improvement and the shares responded with a 14p surge to 262p. In merchanting, loss elimination on the Apollo closure was broadly offset by the above-the-line winding up costs at Monelectric and the buoyant performance from this dominant division stemmed mostly from a strong home improvement market fuelled by a tendency to switch from oil to gas fired heating. Parmiter, in for a full first year, contributed some £400,000 to the agricultural and gardening advance and a turnround at Bruff was worth a further £200,000 pre-tax. The recent engineering dispute and the consequent slow start to the current year contrasts strongly with the achievements of early summer but the dispute was settled just before the difficulties in the merchanting arm turned into severe losses. John James, contributing from August onwards, is probably worth some £1.8m historically after financing costs but like Wolseley-Hughes has started diffidently and in both cases the outlook is very unclear. The share price nevertheless looks reasonably underpinned by a fully taxed p/e of 5.8 (4.1 on the actual charge) although a yield of 5.8 per cent offers little additional support.

## Hammerson to pay 12p on year

MID-WAY taxable surplus of Hammerson Property and Investment Trust rose from £2.93m to £3.69m. The directors, who say they feel a more liberal dividend policy would be appropriate, announce a single payment of 12p, up from 6.097p, for the year to December 31, 1979. Taxable profits last year were £6.16m.

Rental income increased marginally to £13.63m against £13.37m, and the profit is struck after payment of ground and lease rents of £2.36m (£2.34m), interest £8.22m (£8.26m), and expenses £843,737 (£810,690). There is a £1.61m transfer to the cost of properties, compared with £1.1m, and the amortisation of short leaseholds takes £122,418 (£145,234).

After a lower tax charge of £1.52m (£1.57m) and minorities £789,409 (£534,338) stated earnings per 25p share are up from 5.04p to 8.47p.

Additional surplus on the sale of properties is increased from £1.7m to £2.37m and after the write off of £2.56m (£1.82m) relating to deferred interest and development outgoings, £1.19m is available for distribution compared to £697,289.

| | Six months 1979 £ | 1978 £ |
|---|---|---|
| Rental income | 13,630,729 | 13,371,365 |
| Other income | — | — |
| Rents paid | 2,363,224 | 2,336,140 |
| Interest | 8,218,373 | 8,258,153 |
| Expenses | 843,737 | 810,690 |
| Transfer to cost of properties | 1,608,000 | 1,103,000 |
| Profit before amort. | 3,816,395 | 3,069,372 |
| Amort. of short leaseholds | 122,418 | 145,234 |
| Profit before tax | 3,693,977 | 2,924,138 |
| Tax | 1,522,216 | 1,571,704 |
| Profit after tax | 2,171,761 | 1,352,434 |
| Minorities | 789,409 | 534,338 |
| Attributable | 1,382,352 | 818,096 |
| Surplus on sale of properties | 2,368,754 | 1,697,880 |
| Written off* | 2,556,143 | 1,818,687 |
| Available | 1,192,963 | 697,289 |

*Deferred interest and development outgoings.

## A. Goldberg grows to £665,000 at halftime

TAXABLE profits of A. Goldberg and Sons, department stores, increased to £665,000 in the half year to September 29, 1979, against £586,000. Sales for the period rose from £10.57m to £12.52m, and are ahead in the second half.

The net interim dividend is stepped up from 1.232p to 1.294p. A total of 5p was paid last year on profits of £2.34m from £28m turnover.

There is higher interest this time of £253,000 (£140,000) and other charges, including depreciation, amount to £321,000, against £248,000.

After increased tax of £166,000, compared to £68,000 (based on SSAP 15) earnings per 25p share are shown as 3.4p (3.5p).

The group's two new stores have opened and, say the directors, have made a reasonable start.

## Ulster TV profit down

Advertising revenue of Ulster Television rose from £5.27m to £5.91m in the year ended July 31, 1979, but higher costs pushed pre-tax profits down from £669,234 to £583,384.

Overall costs in the year increased by 24.7 per cent from £4.39m to £5.47m.

In his report to shareholders, Mr. J. L. MacQuitty, chairman, says the drop in profit was due to expenditure on various measures considered necessary in the group's present and long term interests. Although the ITV strike has ended, the dispute will undoubtedly mean a further downturn in results for the current year, the chairman adds.

Stated earnings per share are down from 12.9p to 10.4p but the total dividend is lifted from 4.3p to 4.8p with a final of 2.6p.

Although the increase had to be conservative in view of various uncertainties, it still represents a reasonable return and almost restores the 1971 figure, Mr. MacQuitty says.

Referring to the £3m technical expansion plan, which includes the purchase of an outside broadcast unit, building extensions and extra staff, the chairman says the cost would be spread over five years and would be carefully phased.

It also depended on financial resources and on the continued willingness of staff to adapt to new equipment, Mr. MacQuitty adds.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Ambrose Inv. Tst. | int. | 2.6 | Dec. 14 | 2.2 | — | 5.5 |
| Blantyre Tea | int. | 2 | Jan. 15 | 2 | — | 6 |
| Fubura | int. | 1.05 | Jan. 17 | 1.05 | — | 2.45 |
| Gieves | int. | 1.5 | — | 1.16* | —‡ | 3.33* |
| A. Goldberg | int. | 1.29 | Feb. 19 | 1.23 | — | 5 |
| Hammerson Property | | 12 | — | 6.1 | 12 | 6.1 |
| Herman Smith | int. | 0.23 | Jan. 4 | Nil | 0.46 | Nil |
| 1928 Trust | int. | 1.5 | Dec. 31 | 1.25 | — | 3.33 |
| Speedwell Gear | | Nil | — | 0.63 | Nil | 0.63 |
| Ulster TV | | 2.6 | Jan. 7 | 2.3 | 4.8 | 4.3 |
| Victoria Carpets | int. | 0.5 | Feb. 21 | 0.5 | — | 1.6 |
| Viners | int. | Nil | — | 0.5 | — | 1 |
| Wire and Plastic | int. | 0.73 | Jan. 3 | 0.64* | — | 1.69* |
| Wolseley-Hughes | | 6.76 | Jan. 4 | 4.16 | 10.42 | 7.48 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 2.5p intended.

## Gieves' margins hit in first half

TURNOVER OF the Gieves Group increased from £16.59m to £18.71m in the six months ended July 31, 1979, but pre-tax profits were lower at £658,000, compared with £736,000 in the same period last year.

The interim dividend is effectively raised from 1.16p to 1.5p and the directors intend to recommend a final of 2.5p for the year against last year's equivalent 2.15982p.

The first-half profit is after interest of £109,000, against £150,000, but before tax of £367,000 (£394,000).

The board says that Gieves and Hawkes achieved record trading profits in the period despite the depressing effect of the increased rate of VAT.

| | Six months 1979 £000 | 1978 £000 |
|---|---|---|
| Turnover: | | |
| Tailoring and outfitting | 2,956 | 2,512 |
| Book manufacturers | 3,360 | 3,111 |
| Mechanical Binding | 2,236 | 1,912 |
| Motor dealers | 9,401 | 9,053 |
| Parent Company* | 155 | — |
| Turnover | 18,707 | 16,588 |
| Trading profit: | | |
| Tailoring and outfitting | 216 | 150 |
| Book manufacturers | 115 | 202 |
| Mechanical binding | 291 | 374 |
| Motor dealers | 146 | 128 |
| Parent company*—rent received less central expenses | 1 | 132 |
| Interest | 109 | 150 |
| Profit before tax | 658 | 736 |
| Taxation | 367 | 394 |
| Net profit | 291 | 342 |
| Extraord. debits | 8 | 31 |
| Pref. dividend | 2 | 2 |
| Attributable ordinary | 281 | 309 |

*Includes results of Chivers Booksales since its acquisition in June. † Debit.

The volume of trade has suffered and the directors say there is no sign of a recovery in consumer spending in their shops.

James Burn Bindings are continuing to expand successfully and Redwood Burn would have showed a similar profit to last year but for the factoring of its book debts.

Mamos showed a creditable increase in profits, despite difficult trading conditions, helped by wider margins on petrol sales.

**● comment**

Convenient figures from Gieves Group yesterday. Profits fell by 11 per cent and the share price dropped back by 11p to 89p. Running through the four divisions the tailoring side had a good first half with the directors talking of a fillip in sales thanks to "beat the VAT increase buying." That is really unusual for a clothing retailer but perhaps Gieves and Hawkes' suits are in the same "big ticket" league as consumer durables which felt most of the benefit from pre-VAT increase buying. On the book printing operation Gieves stresses that the cost of factoring is the sole reason behind the profits fall, but of course group interest charges are proportionately down so it is a question of swings and roundabouts, with little growth at the division's trading level. Finally the motor dealing operation is largely geared into the fortunes of Leyland, without the financial muscle to really expand other franchises. For the year profits could be around the £1.48m mark indicating a fully taxed prospective p/e of 7.5 and yield of 6.5 per cent—fair enough for the moment, though the income return offers scant support in the face of dull profits.

## Mitchell Cotts' tea estates claim settled

BY JOHN MAKINSON

Mitchell Cotts, the trading, transport and engineering group, has reached a settlement with the Republic of Uganda over four tea estates nationalised by President Amin in 1972. It is believed to be the first foreign company to have reached agreement on assets expropriated without compensation by the Amin Government.

A new company is being set up in which the Ugandan Government will hold 51 per cent and Cotts the remainder. The British company is making no down payment under the settlement, but it is understood that a claim of around £7m is being satisfied, partly through an issue of shares in the new company and partly through staggered payments by the Ugandan Government.

The agreement was signed yesterday by Cotts and Mr. Jack Sentongo, Uganda's Finance Minister. Representatives of Cotts will visit Uganda shortly to assess the damage to the estates, which are believed to be in a poor state of repair. The group will be responsible for management and marketing in the new company.

Negotiations with the Ugandan Government lasted about three months and, included talks with President Binaisa, according to the group's chairman, Mr. Philip Dunkley.

Total production of the company's estates amounted to 20m kilogrammes in 1972 but had fallen to below 1m during the first nine months of this year. Mr. Dunkley said he hoped they would be producing about 6m kilograms a year by 1982. Before nationalisation Cotts estates amounted to between 35 and 40 per cent of Ugandan tea production.

Mr. Sentongo said he would like private investment to return to Uganda on certain conditions. He added that local entrepreneurs would always be preferred, but emphasised that foreign companies would be welcomed and given the necessary protection. Other claims were being considered by the Government compensation commission, he stated.

Cotts was one of several UK companies which saw its Ugandan assets nationalised in 1972. BAT Industries lost a cigarette factory in Jinja and has lodged claims running into several million pounds, a spokesman said yesterday the group would be interested in returning to the factory, which is operating, if the terms were right.

Brooke Bond Liebig has claimed around £230,000 for a small tea distribution company in Uganda. The group is keeping in touch with Uganda indirectly but has not opened formal negotiations. Mr. Tom Brazier, a director of the group, said yesterday that Brooke Bond would waive compensation claims if there was something to return to. It would not exclude a joint venture along the lines of the agreement with Mitchell Cotts, he added. Management control would be a prerequisite, however, Mr. Brazier said.

Eva Industries is in direct touch with Uganda about assets of the group's Chillington Tool subsidiary. A letter was received in August from the Ugandan industry minister inviting Eva to return on the same equity basis as before in return for the withdrawal of compensation claims. The subsidiary was owned 50 per cent by Eva, 5 per cent by Mitchell Cotts and 15 per cent by the Ugandan Steel Corporation. It had annual sales of around £1m.

A company spokesman said yesterday that one difficulty was that the company, now called Uganda Hoes, had not published accounts since March 1976. Senior management visited Uganda late in October and a letter was sent to the Minister this week suggesting the alternative of starting a new company.

British Electric Traction also has claims outstanding in Uganda following nationalisation of a bus company there. The company said the claim was being pursued and an answer was awaited to a proposal from the group. BET would be prepared to return to the country and provide management services, he added.

Mr. Sentongo said the Ugandan Government was close to finalising arrangement for the return of two industrialists—the Mehta and Madhvani families—which owned substantial sugar plantations before the Amin takeover.

## BIDS AND DEALS

## Rowntree pays £16m for Dutch sweets company

ROWNTREE Mackintosh is moving further into continental Europe with the Fl86.75m (£18m) cash purchase of a family-owned Dutch confectionery company, Nuts Chocoladefabriek.

Last year, the Dutch company made a pre-tax profit of Fl4m (£1m) on sales of Fl89m (£22m). Net assets at December 31 totalled Fl23m (£5m). The deal will have no major effect on the UK group's 1979 profits.

The Dutch company's main product is the Nuts Bar which has an established consumer franchise throughout Europe. Rowntree's European division already distributes the products of its new acquisition in France and Italy.

Nuts Chocoladefabriek employs 380 people at its Elst factory, near Arnhem, which was extended substantially this year.

Rowntree's chairman, Sir Donald Barron, said the Nuts Bar had a significant share of many of the markets in which it was sold. The purchase provided Rowntree with a strongly-branded product with considerable sales potential, especially in West Germany, he added.

### HYMAN/POLYMECH

Agreement in principle has been reached for I. and J. Hyman to acquire 56 per cent of Polymech for £179,000 to be satisfied by the issue to the vendors of ordinary stock units of 5p of Hyman, credited as fully paid.

The number of units to be issued will be determined by their market price subject to a maximum of 716,000.

It is expected that the companies will enter into a formal agreement and that the acquisition will be completed before the end of this month.

Polymech is a private company specialising in the manufacture of machinery for the urethane foam industry in the UK and overseas and in the development of new manufacturing processes.

For the seven months to July 31, 1979 Polymech showed a pre-tax profit of £77,000. In the period to December 31, 1978, the company's first trading period, Polymech concentrated on developing products for the future showing a pre-tax profit of £7,525 with net tangible assets of £2,051.

### COPE SPORTSWEAR/PENNYWISE

Cope Sportswear's acquisition of the outstanding minority interest in Pennywise Household Discounts has become unconditional following its approval by Cope shareholders at an extraordinary meeting.

The acquisition has been completed, and in accordance with the agreement, Cope has issued 302,095 new ordinary shares to the sellers.

## Anglo-Sumatra bid broke Code

An offer made by Mr. J. H. C. Wishart for Anglo-Sumatra Rubber in October did not comply with the requirements of the City Take-over Code, the Take-over Panel said yesterday.

The letter of offer, dated October 17 and drawn to the Panel's attention on November 7, did not comply "either as to the usual terms and conditions upon which offers must be made or as to the information and advice to be given to shareholders."

The Panel has been told that a further letter was sent to Anglo-Sumatra shareholders on November 5, saying that the offer had been declared unconditional. The Panel has started an investigation into the circumstances of the case. In the meantime, it wants shareholders who have not so far accepted to be aware of "serious deficiencies" of the offer.

A bid for Anglo-Sumatra should comply with the Code, says the Panel, because the company is understood to be a public company within the meaning of the Companies Act 1948.

At the date of the offer there were about 200 shareholders in Anglo-Sumatra and the offer price of 60p per share placed a value of about £25,000 on the company, the Panel says. Mr. Wishart already owned 13.84 per cent of the capital.

The Panel says the offer was sent by Stewart Watt and Co. of 171 Dalry Road, Edinburgh.

### BP NUTRITION ACQUIRES HENDRIX

BP Nutrition, a wholly owned subsidiary of British Petroleum, has completed its anticipated acquisition of Hendrix Fabrieken NV of Holland. The purchase consideration is undisclosed.

Hendrix, a privately owned company, manufactures animal feed and breeds poultry.

In 1978 Hendrix reported sales of £270m. It employs approximately 2,700 people at various locations throughout Holland and Belgium. Sales of BP Nutrition, which employs 1,300 people in the UK and continental Europe, were £165m.

### FOSECO MINSEP IN U.S. VENTURE

Foseco Minsep has joined forces with Dunlap Industries of Ohio to manufacture and market a newly developed system of mechanically joining reinforcing bars used in the construction industry.

Through its CCL Systems subsidiary, Foseco Minsep has set up a 50-50 joint venture company with Dunlap, Sure-Grip and Shore, to produce the CCL Barsplice system in the U.S. The system joins bars end to end thus developing their full tensile strength and giving important construction savings in steel, cement and aggregates.

U.S. production of reinforcing bars is five times larger than the UK and the use of a mechanical splice is mandatory.

The CCL Barsplice is claimed to be technically superior to the traditional method of overlapping the bars and the system is said to have achieved considerable success, mainly through agents and distributors, in overseas markets. It has satisfactorily passed the requirements of the ACI Code, the Nuclear Power Code and requirements of the Corps of US Engineers.

### READSON/YATES

Readson, a Manchester textile company, has published the details of its offer for the 68.7 per cent of William Yates and Sons, textile merchant, which it does not already own. The deal, which values the whole company at £1.06m, is for 254,591 Ordinary shares at 290p, worth £738,312.

Ruff, the parent company of the Yates firm, and Auk, which together with Ruff holds approximately 61.1 per cent of the issued share capital, have irrevocably undertaken to accept the Readson offer. The deadline for acceptance of the offer is November 30 and it is conditional upon the acceptance of at least three fourths of Yates' shareholders. Agreement on the deal was first announced October 15, 1979.

### ANTONY GIBBS SELLS INTEREST IN SWISS BANK

Antony Gibbs Holdings has sold its 25 per cent holding in Wirtschafts-und Privatbank, of Zurich, to its co-shareholders in the bank — Bayerische Vereinsbank of Munich and Creditanstalt-Bankverein, of Vienna — for £1.9m.

This sale raises the share holding of the two institutions to 50 per cent each.

The terms of the agreement between the Wirtschafts-und Privatbank shareholders require any of them to offer their shares to the others should they or one of their associates establish a separate banking business in Zurich.

The Hongkong and Shanghai Banking Corporation, which holds a 40 per cent interest in Antony Gibbs, intends to open a branch in Zurich and it is this which has made the disposal necessary.

The consideration received by Antony Gibbs — a profit on its original investment — will be employed in the continued development of its UK banking business.

### SQUIBB/FORTE

Squibb Corporation has reached an agreement in principle for the sale of Dobbs Houses Inc. its food-services subsidiary to Trusthouse Forte Inc, a subsidiary of Trusthouse Forte, for an undisclosed amount.

## Brentnall Beard resignation

Mr. Derek Gravestock, a director of Brentnall Beard (Holdings), the insurance broker, has resigned from the holding company and all its subsidiaries.

Mr. Gravestock was one of two directors suspended from executive duties by the company in July after Lloyd's instituted statutory internal proceedings against him and two other directors of the group, and three members of Sasse Turnbull, the Lloyd's underwriting agent.

Lloyd's took the action after an investigation into the trading relationship of the Sasse syndicate, number 762, with Brentnall Beard International.

Mr. Roger Banks, the group's financial director, resigned last month. He is not involved in the Lloyd's proceedings.

### C. E. HEATH

The contribution to revenues of C. E. Heath (Agencies) from the management of the underwriting account of Fine Top Insurance Company was approximately £100,000 and not £400,000 as reported yesterday.

## Results due next week

The nine month figures this week from the three major U.S.-orientated composites Commercial Union, General Accident and Royal will reflect the impact of the hurricanes David and Frederick on the third quarter underwriting results. Royal has admitted that claims from hurricanes, mostly from Frederick, cost £7m and will aggravate its deteriorating U.S. underwriting position. The CU also suffered heavily with hurricane claims of about £5m. But it is likely that it will offset these against extreme weather provision. The GA had a smaller exposure in the hurricane areas.

In the UK, the third quarter figures from all three companies should show a continuing recovery from the impact of the bad winter in the first quarter. GA, the largest motor insurer in the UK, and Royal have both increased motor premium rates for the second time this year. High interest rates in both the U.S. and UK should give investment income a useful boost on last year's figures, but this will not be sufficient to offset a deteriorating underwriting situation. Pre-tax profits for the period are expected to be £96m against £101m for CU, £62m against £66m for GA and £90m against £112m for Royal.

There is a wide range of estimates for the Royal Dutch/Shell Group, which will announce third quarter earnings next Thursday. Depending on the amount of stock appreciation included in the income (analysts believe it will be about £200m), the group could turn in £600m to £700m before currency adjustment, against £265m for the third quarter of 1978 (before currency adjustment). The main improvements will probably come from the marketing and refining sections of the group, which have been doing well. But the third quarter should have been relatively similar to the second quarter of this year, except that stock appreciation may not be as high — the second quarter profits figure was £653m.

Boots should show some slight improvement in pre-tax profits when interim figures are announced next Thursday. Analysts are projecting between £52m and £55m for the first half, against £51m last year. The reason for the small extent of the increase is that higher raw material costs, strong sterling, higher wage costs and the depressed consumer spending which followed the VAT increase have all conspired to restrain growth for the group. For the full year, a pre-tax figure of £120m seems possible, against £113m.

The general expectation for Unilever is that a variety of problems will prevent profits from moving upward by any significant proportion. Analysts say that third quarter results should be about £170m (the 1978 figure) or slightly higher when the results are announced on Wednesday. Inflation on the Continent is likely to inhibit consumer spending to a certain extent and this will eat into Unilever's performance. In addition, the North American Lever Brothers' interest is not doing very well, largely because of intense competition in the States. Finally, higher oil prices in developing countries, particularly African ones, may indirectly stifle consumer expenditures — another problem for Unilever.

The fortunes of Chloride are expected to remain about the same when interim figures are revealed next Wednesday. A pretax profit of £13m is possible, against £12.1m. This improvement would be based upon a healthy UK battery replacement market, a growing stand-by power division and the absence of strikes this year. But margins are under pressure from rising lead prices and so the increase in profits will probably be small. For the full year, about £31m is generally anticipated, against £29m last year.

Next week's batch of results will also include the interim figures from De La Rue (Tuesday), W. H. Smith (Tuesday), Hill Samuel (Wednesday) and Land Securities (Thursday). Woolworth will announce its third quarter performance on Wednesday and there will be preliminary full-year figures from Smith Industries on Tuesday and British Sugar on Thursday.

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| FINAL DIVIDENDS | | | | |
| A. Arenson (Holdings) | Tuesday | 0.69179 | 1.44271 | 0.9 |
| Anglo Scottish Investment Trust | Thursday | 0.7 | 1.1 | 0.8 |
| Atlanta, Baltimore & Chicago Regional | Thursday | — | 0.75 | — |
| Bellway Holdings | Thursday | 1.4 | 1.515 | — |
| British Sugar Corporation | Thursday | 1.65 | 3.654 | 1.81503 |
| Cardiff Malting | Thursday | 3.0 | 6.0 | 3.2 |
| HTV Group | Friday | 3.0 | 6.0 | 3.5 |
| LWT (Holdings) | Thursday | 3.565 | 5.727 | 3.9105 |
| Manganese Bronze Holdings | Thursday | — | 2.1034 | — |
| Northern American Trust | Friday | 1.0 | 2.05 | 1.0 |
| Scottish and Mercantile Investment | Friday | 3.2853 | 4.8071 | 3.6138 |
| Smiths Industries | Tuesday | — | — | — |
| Town Centre Securities | Friday | — | 0.6617 | — |
| Tyzack (W.) Sons and Turner | Thursday | 1.25 | 1.625 | 1.35 |
| INTERIM DIVIDENDS | | | | |
| Advance Laundries | Tuesday | 0.3 | 1.768 | |
| Arbuthnot Latham Holdings | Tuesday | 3.85 | 5.57 | |
| Beales (John) Associated Companies | Thursday | 1.4 | 1.8186 | |
| Black Arrow Group | Thursday | 0.7 | 1.5 | |
| Boots | Thursday | 2.5 | 3.5 | |
| Brammer | Thursday | 1.0 | 2.0 | |
| Bromsgrove Casting and Machining | Friday | 0.9 | 2.6 | |
| Brown Shipley Holdings | Tuesday | 4.5 | 6.107 | |
| Chamberlin and Hill | Wednesday | ‖0.85533 | 1.148 | |
| Chloride Group | Wednesday | 1.5 | 1.5 | |
| Chubb and Son | Wednesday | 1.8631 | 3.4784 | |
| Davis (Godfrey) | Wednesday | 1.16159 | 4.3 | |
| De La Rue | Tuesday | 3.938 | 7.487 | |
| Flight Refuelling (Holdings) | Thursday | 0.93333 | 1.48557 | |
| Fobel International | Friday | 0.845 | 1.155 | |
| Folkes (John) Hefo | Wednesday | 0.44 | 1.0899 | |
| Foster (John) and Son | Friday | 1.0 | 1.9 | |
| GEI International | Tuesday | 1.6 | 3.028 | |
| Highgate Optical and Industrial | Friday | 1.0 | 1.9 | |
| Hill Samuel Group | Wednesday | 1.834 | 3.4808 | |
| Hinton (Amos) and Sons | Thursday | ¶1.62162 | 1.86081 | |
| Howard Tenens Services | Tuesday | 0.822 | 1.079 | |
| Joseph (Leopold) Holdings | Thursday | 1.676 | 7.627 | |
| King and Shaxson | Monday | 1.0 | 2.7852 | |
| Land Securities Investment Trust | Thursday | 1.5 | 5.0 | |
| LCP Holdings | Tuesday | 1.53333 | 2.13333 | |
| Lloyd (F. H.) Holdings | Friday | 1.65 | 4.6723 | |
| London and Lennox Investment Trust | Wednesday | 0.45 | 1.65 | |
| Northern Goldsmiths | Monday | 0.85 | 1.5251 | |
| Norwest Holst | Wednesday | 1.5972 | 3.4459 | |
| Porter Chadburn | Tuesday | 1.6214 | 4.26428 | |
| Rothschild Investment Trust | Monday | 2.0 | 7.0 | |
| Seccombe Marshall and Campion | Monday | 5.5 | 9.3995 | |
| Smith (W. H.) and Son Holdings | Tuesday | †10.22557 | †10.69851 | |
| Smith (W. H.) and Son (Holdings) | Tuesday | §0.15458 | §0.69431 | |
| Unilever | Wednesday | $8.67 | ‡13.8 | |
| Valor | Thursday | 0.64333 | 1.4325 | |
| Warner Holidays | Monday | 0.35 | 1.5 | |
| Western Motor Holdings | Monday | 1.0 | 1.45771 | |
| Wight Holdings | Wednesday | 1.83333 | 2.66667 | |
| Witan Investment | Thursday | 1.3 | 1.45 | |
| Young and Co.'s Brewery | Friday | 1.2 | 1.82223 | |
| Young Companies Investment Trust | Monday | 1.6 | 2.6 | |
| INTERIM FIGURES | | | | |
| Anglo-Indonesian Corporation | Tuesday | | | |
| Capital Gearing Trust | Tuesday | | | |
| Commercial Union Assurance | Wednesday | | | |
| Hoecroft Trust | Wednesday | | | |
| Keyser Ullmann Holdings | Thursday | | | |
| Lamont Holdings | Friday | | | |
| Nelson David | Wednesday | | | |
| Royal Dutch Petroleum | Thursday | | | |
| Royal Insurance | Thursday | | | |
| Shell Transport and Trading | Thursday | | | |
| Ultramar | Thursday | | | |
| Walker and Staff Holdings | Friday | | | |
| Woolworth (F. W.) | Wednesday | | | |

* Dividends shown net pence per share and adjusted for intervening scrip issue. † Paid on "A" ordinary shares. § Paid on "B" ordinary shares. ‡ Combined total of first and second-part interims. ¶ Combined total of first and second-part interims. ‖ Includes compensatory dividend following reduction in tax rate. $ Includes [illegible]

## MINING NEWS

## CRA and W. Mining come to terms

BY KENNETH MARSTON, MINING EDITOR

THE TWO big Australian mining groups, Conzinc Riotinto of Australia and Western Mining Corporation, have come to terms in their battle for BH South, the base metal mining and investment concern. In essence, the bidders are to share the assets of their take-over target.

CRA has agreed to withdraw its bid for BH South, leaving WMC free to go ahead with its higher offer of one share in WMC plus 50 cents (26p) for each share in BH South. This is worth some A$217m (£113m).

If the WMC offer is successful, the company will sell to CRA for a consideration of 19.3m CRA shares—currently worth about A$72m—the following assets of BH South:

A 60 per cent holding in Electrolytic Refining and Smelting; 20 per cent of Kembla Coal and Coke; 19.4 per cent in Metal Manufactures; 100 per cent of Cobar Mines (copper); 51 per cent of Kanmantoo Mines (copper).

In a separate deal, also announced yesterday, Australia's North Broken Hill is to sell CRA a 30 per cent holding in Kembla Coal and Coke in return for 14m CRA shares. These shares will be placed with institutional investors for A$48.6m which will, of course, go to North Broken Hill.

In addition, and for a further 6.6m CRA shares, North Broken Hill is to part with its 15.8 per cent of Metal Manufactures, 40 per cent of Electrolytic Refining and Smelting and 19.5 per cent of Kanmantoo.

It will be noted that among the assets that BH South will keep after it is absorbed by WMC is the ill-fated Queensland phosphate venture, oil and gas exploration interests and, importantly, the holding of 13.1 per cent in the Alcoa of Australia aluminium complex which also has interests in coal, copper refining and copper and aluminium wire manufacture.

Alcoa is believed to be the "plum" which attracted WMC in the first place. At all events the latest deal will raise the WMC stake in Alcoa to 33.1 per cent on the basis of WMC's last reported holding in Alcoa of 20 per cent. Aluminium Company of America holds 51 per cent of Alcoa and the bulk of the rest is believed to be held by North Broken Hill.

CRA will increase its non-aluminium mining and smelting activities and by the issue of shares to WMC and North Broken Hill will further its stated objective of increasing Australian ownership in the company—a policy which is favoured by the Australian Government.

If the various deals go through they will result in the London Rio Tinto-Zinc's holding in CRA falling further from its present 68.2 per cent to 61.2 per cent.

In London yesterday, CRA shares eased 6p to 192p. WMC were unchanged at 180p, while Broken Hill South were unchanged at 158p and North Broken hardened 1p to 201p.

## Ranger starts uranium sales

AUSTRALIA has agreed to sell some of its uranium after a seven year hiatus—and the buyer is South Korea, writes James Forth from Sydney.

The contract, for 2,500 short tons of uranium oxide worth about A$160m (£83.5m), giving a value of A$36-38 a pound, was announced jointly yesterday by two of the partners in the Ranger uranium project in the Northern Territory, Peko-Wallsend and EZ Industries.

The contract, which is subject to final Government approval under the safeguards policy, is the first signed since December 1972 when the Labour Government of Mr. Gough Whitlam placed a ban on new supply contracts.

Ranger, in which the Federal Government has a 50 per cent stake through the Australian Atomic Energy Commission, is the first of the major deposits to be developed, and construction work is underway. Operations are scheduled to start in October 1981.

Mr. Douglas Anthony, the Deputy Prime Minister, said the sale was the forerunner of several major contracts to be signed over the next few months. The contract is with the Korea utility, Korea Electric, over a period of 10 years starting in 1983.

It comes within a month of the Australian Government calling tenders for the sale of its 50 per cent Ranger stake. A total of 14 tenders are being considered.

The uranium for Korea Electric will be provided from the Peko and EZ share of the Ranger output.

# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Thorn Electrical Industries, the UK's largest television rental group, increased its offer for EMI, the much troubled music and medical electronics company. If the agreed bid succeeds, the combined group will be renamed Thorn EMI. The latest offer, worth nearly £170m and including a partial cash element, has been underwritten as a condition laid down by EMI's board. The original all share offer, which was never officially put to shareholders, was worth £144m when announced. The terms of the new offer are 28 Thorn shares for every 100 EMI plus £58 of convertible preference shares. Hambros Bank, acting on behalf of Thorn, have agreed to offer 330p in cash for every Thorn share to shareholders who do not want to accept the ordinary share element of the deal. The hurried announcement of the increased bid was thought to have been made in order to fend off any other potential bidder. The underwriting element of the deal caused consternation for a short time, leading to an unofficial suspension of trading for two hours in both Thorn and EMI shares on Tuesday as the announcement that underwriting was in progress preceded the announcement of the new offer terms.

BAT Industries is buying a 50 per cent share in Marden Packaging International from Imperial Group for £87.5m. The deal, which makes Marden a wholly owned subsidiary of BATs, ends 17 years of joint BAT and Imperial ownership of Marden and is in line with the aim of both diversified tobacco companies to widen their non-tobacco interests.

Dundonian entered into a conditional agreement to acquire from Johnson and Firth Brown the major part of its property division, Algrey Developments, for £3.25m. Algrey, acquired by JFB in 1972, is a commercial and residential property development company operating principally in the South East. Dundonian proposes to finance the acquisition by way of a rights issue and bank loan.

Kennedy Smale, the textile machinery engineer, is bidding for the 29.9 per cent of Harrott which it does not already own. The company agreed to acquire further shares in Harrott bringing its stake up to 77.1 per cent and therefore bid for the remainder at 80p per share. The purchase of the new stake and the cost of buying out the remainder will amount to £411,000.

D. M. Lancaster, the textile group subject of abortive bid from Provincial Laundries earlier this year, has entered into a conditional contract to buy Club 18/30, a London-based tour operator. Lancaster requested a suspension in dealings in its shares because the move represented diversification from its main business of fabric finishing. The shares were suspended at 9½p.

Sekers International made an agreed counter-bid worth just over £1.6m in cash and shares for David Evans, the privately-owned textile company for which Selincourt has already made an all-share offer currently worth around £830,000. Sekers is offering 10 of its own shares plus 225p in cash for every three Evans shares.

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder | Final Acc't'ce date |
|---|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated. | | | | | |
| Averys | 265* | 253 | 275 | 97.8 | GEC | — |
| Campbell & Isherwood¶¶ | 175* | 173 | 123 | 1.73 | BTR | — |
| CGSB | 43½§§ | 40½ | 36†† | 1.76 | Manor Natl. | — |
| Clifford & Snell | 37½ | 37 | 35†† | 1.73 | Ransome Hoffman Pollard | — |
| Dutton-Forshaw | 85* | 81½ | 76†† | 22.8 | Lonrho | — |
| EMI | 149 | 140 | 95 | 165.9 | Thorn Elect. | — |
| English Card Clothing | 135§§ | 130 | 102 | 5.81 | Carclo | — |
| FPA Const.¶¶ | 14½ | 15 | 18 | 1.15 | Heywood Williams | — |
| Hall Bros. S/S | 70* | 80 | 90 | 0.32 | Temple Inv. Finance | — |
| Harrison & Sons | 75* | 73½ | 56†† | 1.70 | Lonrho | 15/11 |
| Harrott | 80* | 80 | 38 | 0.29 | Knndy. Smale | — |
| Hume¶¶ | 94½*§ | 91 | 88 | 13.53 | Rothschild Inv. | — |
| Montfort | 83§§ | 85 | 70†† | 2.50 | David Dixon | — |
| Oil Exploration | 604 | 598 | 535†† | 78.5 | LASMO | — |
| Phoenix Mining & Finance | 25* | 26 | 27 | 0.19 | Mr. A. Milne & Assocs. | 22/11 |
| Reliant Motor | 9½§ | 9 | 8½ | 0.55 | J. F. Nash | — |
| St. George's Laundry | 39 | 30 | 37½ | 0.92 | Provincial Laundries | 16/11 |
| Sndrsn. Kayser¶¶ | 65§§ | 76 | 50†† | 3.87 | GEI | — |
| Spillers¶¶ | 43 | 44 | 39½ | 63.3 | Dalgety | — |
| Taylor Pallister | 118*§ | 115 | 95 | 0.80 | London and European | 14/11 |
| Wadham Stringer | 70* | 66 | 42†† | 25.2 | Tozer, Kemsley & Millbourn | — |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 9/11/79. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

## PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Allied London | June | 1,230 | (1,070) | 6.19 | (7.49) | 2.06 | (2.06) |
| Beazer (C. H.) | June | 2,110 | (631) | 15.6 | (8.6) | 5.6 | (4.5) |
| Bridfort-Gundry | July | 763 | (781) | 7.27 | (6.26) | 2.41 | (2.1) |
| Brit. Car Auction | July | 1,742 | (1,675) | 4.96 | (5.67) | 2.87 | (2.51) |
| Central Mfrg. | July | 3,656 | (3,729) | 11.3 | (15.3) | 3.3 | (3.0) |
| Common Brothers | June | 1,965 | (2,076) | 35.38 | (45.32) | 12.0 | (6.52) |
| GR Holdings | June | 3,070 | (2,460) | 31.3 | (27.7) | 6.4 | (5.5) |
| Heusher | March | 381 | (611) | 9.6 | (5.4) | 2.5 | (1.1) |
| Higsons Brewery | Sept. | 1,390 | (1,660) | 8.0 | (7.98) | 2.75 | (2.5) |
| Jenks & Cattell | July | 317 | (240) | 10.0 | (8.86) | 4.0 | (1.3) |
| Jessups | Aug. | 830 | (773) | 18.63 | (17.56) | 3.0 | (1.98) |
| Kynoch | Aug. | 33L | (29) | — | (1.9) | — | (2.0) |
| Lon. Entertnmts. | Aug. | 128 | (146) | 2.21 | (2.43) | 1.57 | (1.5) |
| Lon. Provcl. Shop | June | 551 | (517) | 4.37 | (2.97) | 1.3 | (0.82) |
| Lucas | July | 70,740 | (73,050) | 54.3 | (59.59) | 11.0 | (9.18) |
| Majedie Invs. | Sept. | 535 | (419) | 2.82 | (2.26) | 1.5 | (0.75) |
| Martonair | July | 5,718 | (4,888) | 21.43 | (20.18) | 6.75 | (5.5) |
| Tricoville | July | 892 | (704) | 13.18 | (10.7) | 2.2 | (1.76) |
| Utd. City Mrchnts. | June | 3,180 | (2,650) | 8.59 | (3.59) | 1.4 | (0.75) |
| Wellco Holdings | June | 885 | (645) | 4.16 | (5.15) | 1.4 | (1.13) |

## Scrip Issues

Headlam Sims: One for four.

United City Merchants: One for seven.

## Rights Issues

Bridgewater Investment Trust: Rights issue of two for three raising £0.4m.

Clairmace: Rights issue—one for two at 15p per share raising £200,000.

Newman Tonks: Rights issue—one for four at 57p per share raising £2m.

† Approximate figure before expenses.

## INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| A. B. Foods | Sept. | 39,600 | (33,700) | 1.1 | (0.89) |
| Acrow | Sept. | 1,310 | (5,960) | 1.5 | (1.5) |
| Airflow Streamlns. | Aug. | 818 | (402) | 0.8 | (0.63) |
| Allnatt, London | Sept. | 2,325 | (1,960) | 0.5 | (0.5) |
| Ansbacher | Sept. | 405 | (144) | — | (—) |
| Aquascutm. & Assoc. | July | 624 | (686) | 0.75 | (0.59) |
| BET Omnibus | Sept. | 4,690 | (4,170) | — | (—) |
| Boot (Henry) | June | 12 | (836)L | 3.0 | (2.5) |
| Bradford Property | Oct. | 2,452 | (2,401) | 1.5 | (1.27) |
| Brent Walker | July | 361 | (193) | 0.35 | (0.35) |
| British Borneo | Sept. | 437 | (436) | 11.0† | (2.51) |
| British Dredging | June | 196L | (94) | — | (—) |
| Capper Neill | Sept. | 2,050 | (2,260) | 2.1 | (1.17) |
| Carless, Capel | Sept. | 3,830 | (816) | 0.8 | (0.41) |
| Chesterfld. Props. | June | 1,303 | (1,086) | 2.0† | (0.98) |
| Clarke (Clement) | June | 598 | (533) | 1.05 | (0.79) |
| Electrocomponts. | Sept. | 5,692 | (4,511) | 3.5 | (1.5) |
| Eva Industries | Sept. | 910 | (1,031) | 3.4 | (2.4) |
| Feedex Agricltrl. | June | 435 | (516) | 0.65 | (0.52) |
| Gates (Frank G.) | June | 966 | (714) | — | (—) |
| Hartwells Group | Aug. | 1,760 | (1,350) | 1.79 | (1.49) |
| Headlam Sims | July | 194 | (189) | 1.0 | (0.7) |
| Jackson Group | June | 173 | (235) | 1.45 | (1.45) |
| Kwik-Fit Tyres | Aug. | 817 | (540) | 0.6 | (4.0) |
| Leech (William) | Aug. | 1,480 | (1,050) | 3.3 | (3.0) |
| London & Midland | Sept. | 1,154 | (1,004) | 2.9 | (2.68) |
| Milletts | July | 595 | (659) | 2.95 | (—) |
| P'mth & Sndrlnd. | Sept. | 1,390 | (1,070) | 1.0 | (0.6) |
| Readicut Intl. | Sept. | 2,518 | (3,731) | 0.55 | (0.53) |
| Roberts Adlard | June | 330 | (305) | 2.0 | (1.75) |
| Ropner | Sept. | 2,027 | (1,708) | 2.0 | (1.19) |
| Rush & Tomkins | June | 587 | (392) | 1.25 | (0.97) |
| Sainsbury (J.) | Sept. | 19,520 | (15,560) | 3.0 | (2.27) |
| Scottcros | Sept. | 953 | (531) | 1.96 | (0.81) |
| Shiloh Spinners | Oct. | 74 | (143) | 0.75 | (0.75) |
| Slingsby (H. C.) | June | 96 | (73) | 0.6 | (0.6) |
| Somic | Sept. | 75 | (102) | 1.0 | (0.85) |
| Staveley Inds. | June | 1,530 | (5,428) | 4.5 | (4.5) |
| Tern Consulate | June | 205 | (102) | 2.0 | (1.75) |
| Tyson (Cntrctrs.) | June | 167L | (105) | — | (—) |
| Usher Walker | June | 85 | (224) | 1.28 | (1.28) |
| Whitbread | Sept. | 38,311 | (31,926) | 1.65 | (1.28) |

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † Plus additional 1.7694508p for 1978.

# Wavepower energy doubts

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT and the electricity supply industry are pessimistic about national prospects for wavepower, which in the mid-1970s appeared to be Britain's best hope of harnessing a "benign and renewable" source of energy.

A Department of Energy report to be released shortly indicates the cost of harnessing wavepower is considerably higher, and the total amount of energy available considerably lower, than was believed when the Government began its research programme.

At one time it was believed that, since waves that break around Britain's coastline are seven times as energetic on average as those on the U.S. East Coast, Britain had discovered another large source of energy offshore.

But with wave converters now at the stage of sea-going systems, and much more data on natural forces such structures must be able to withstand, the engineering costs appear to be very discouraging.

The Central Electricity Generating Board says the efficiency of current designs is only about 10 per cent—indicating that Britain's wavepower, even if fully harnessed, could meet a maximum of only about 10-15 per cent of Britain's current electricity consumption.

Department forecasts suggest that by the end of the century, when wavepower generators might have been established on a substantial scale, UK electricity demand will be between 50 and 70 per cent greater.

But the cost of wavepower electricity based on current designs of wave converter is expected to be 10 to 25 times the cost of nuclear electricity.

CEGB interest in benign and renewable sources of electricity has been transferred to aerogenerators—modern designs of windmill.

# Liquefied gas imports 'are lethal gamble'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

A WARNING that Britain is taking a potentially "lethal gamble" by importing liquefied natural gas is given in a book called Frozen Fire published this week.

The book, by Lee Niedringhaus Davis, says risk analyses in the U.S. suggests that a major accident with liquefied natural gas (LNG) could kill up to 100,000 people if it happened in a densely populated area.

The book points out that the UK imports LNG from Algeria to a terminal at Canvey Island in the mouth of the Thames, which is heavily populated.

Lee Davis says ships carrying up to 27,000 cubic metres of LNG call at the Canvey terminal about 50 times a year.

The tanker lorry which skidded off the road in Spain last year killing more than 200 people in a boiling vapour explosion was carrying only 43 cubic metres of liquefied gas. But that gas was propylene, not LNG.

Lee Davis says that British Gas should stop importing LNG from Algeria and should make increased use of North Sea gas. Other methods of storing gas—rather than liquefaction—should be explored and used where possible.

British Gas said on Thursday that it did "not gamble with safety." It added that its LNG operations were carried out to the highest safety standards. The corporation said it "wouldn't touch LNG if we didn't feel it to be safe."

The corporation said that Algerian LNG imports had a "key role to play" in ensuring that British Gas could meet peak winter demand. The cost of increasing the gas flow from North Sea fields such as Frigg would be high.

*Frozen Fire, Friends of the Earth, 9 Poland St., W.1., £4.95*

# Fewer companies now making solar heating systems

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NUMBER of British companies making solar water-heating systems is falling sharply from the peak reached in 1977 after four years of rapid growth.

Also, Government investment in the development of the systems has declined after early hopes for solar heating in Britain were found too optimistic.

The Department of Energy invested about £6m between 1974-78, in companies making solar heating components and systems, to assist design and manufacture and to improve the quality of solar heating systems.

But its investment for 1978-79 fell to less than £1m, mostly for demonstrations of systems. The department expects investment to decline further in the next year or two.

The Department feels that solar heating can make economic sense only south of Birmingham—and then only as a boost to a more conventional heating system.

A survey by Dr. J. Cleland McVeigh, head of the department of mechanical engineering at Brighton Polytechnic, shows the number of British companies manufacturing solar heating systems rose from two in 1973 to more than 70 by 1977, but since has fallen to about 60.

It also indicates a "very sharp reduction" in the involvement of companies which entered the business between 1975-77.

Dr. McVeigh estimates that the fledgling industry supplied more than 4,000 systems in 1977 and about 5,000 systems last year. He estimates the sales of the industry last year—including equipment for the solar heating of swimming pools—at £5m-£10m.

In his report to the International Solar Energy Society, he says that some of the companies which entered the business were seriously undercapitalised. One—no longer in business—had attempted to sell its domestic systems with the help of offers of a free spin-dryer or 75,000 Green Shield stamps.



CORAL INDEX: Close 419-424 (+9)

### INSURANCE BASE RATES

| | |
|---|---|
| † Property Growth | 13¼% |
| † Vanbrugh Guaranteed | 13⅛% |

† Address shown under Insurance and Property Bond Table.



## EUROPEAN OPTIONS EXCHANGE

| Series | | Jan. Vol. | Jan. Last | April Vol. | April Last | July Vol. | July Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | F.350 | — | — | 1 | 3 | — | — | F.334 |
| AKZ C | F.25 | 10 | 2.80 | 38 | 3.30 | 7 | 3.90 | F.26.20 |
| AKZ C | F.27.50 | 79 | 1 | 24 | 2 | 5 | 2.20 | " |
| AKZ C | F.30 | 61 | 0.40 | 12 | 1 | 21 | 1.40 | " |
| AKZ P | F.27.50 | 11 | 1.30 | — | — | — | — | " |
| AKZ P | F.30 | 1 | 4 | — | — | — | — | " |
| ARB C | F.65 | — | — | 5 | 5.50 | — | — | F.67.50 |
| ARB C | F.70 | — | — | 10 | 2.30 | — | — | " |
| HO C | F.25 | — | — | — | — | 10 | 3.70 | F.24.70 |
| HO C | F.27.50 | — | — | 45 | 1.20 | — | — | " |
| HO C | F.30 | — | — | — | — | 30 | 1 | " |
| KLM C | F.70 | 59 | 7.50 | 35 | 8.80 | 45 | 9.20 | F.76.60 |
| KLM C | F.80 | 120 | 2.10 | 87 | 4.50 | 65 | 5.20 | " |
| KLM C | F.90 | 5 | 0.50 | 9 | 1.80 | 48 | 2.90 | " |
| KLM C | F.100 | 66 | 0.30 | 7 | 0.90 | — | — | " |
| KLM C | F.110 | 5 | 0.10 | — | — | — | — | " |
| KLM P | F.70 | 156 | 1.90 | 26 | 3.30 | 15 | 4.50 | " |
| KLM P | F.80 | 92 | 6 | 8 | 8 | 4 | 8.20 | " |
| KLM P | F.90 | 50 | 14.50 | 23 | 14.50 | — | — | " |
| NN C | F.115 | — | — | 20 | .6 | 1 | 7 | F.113.30 |
| NN C | F.120 | 13 | 1.50 | 10 | 3.20 | — | — | " |
| NN C | F.125 | — | — | 2 | 2.10 | — | — | " |
| PET C | Fr.5000 | — | — | — | — | 2 | 680 | Fr.5270 |
| PET C | Fr.5500 | 2 | 280 | — | — | — | — | " |
| PET C | Fr.6000 | 1 | 120 | 2 | 200 | — | — | " |
| PHI C | F.20 | 10 | 2 | 8 | 2.50 | 24 | 3.20 | F.21.60 |
| PHI C | F.22.50 | 203 | 0.70 | 73 | 1.50 | 152 | 1.60 | " |
| PHI C | F.25 | 30 | 0.20 | 20 | 0.50 | 60 | 0.60 | " |
| PHI P | F.20 | — | — | 2 | 0.50 | — | — | " |
| PHI P | F.22.50 | 62 | 1.30 | — | — | 12 | 1.60 | " |
| PRD C | $25 | 10 | 2⅛ | — | — | — | — | $25¾ |
| PRD C | $30 | 6 | ⅞ | — | — | — | — | " |
| PSA C | F.260 | 2 | 11.50 | — | — | — | — | F.260 |
| PU C | F.320 | — | — | — | — | 10 | 21 | F.285 |
| RD C | F.135 | 50 | 11.80 | — | — | — | — | F.144.80 |
| RD C | F.140 | 21 | 9.20 | 3 | 11.80 | — | — | " |
| RD C | F.145 | 76 | 6.20 | 10 | 9.20 | — | — | " |
| RD C | F.150 | 96 | 3.60 | 41 | 6 | 30 | 8 | " |
| RD C | F.160 | 121 | 1.40 | 82 | 3.30 | 1 | 3.80 | " |
| RD P | F.135 | 101 | 0.80 | — | — | — | — | " |
| RD P | F.140 | 121 | 2 | 31 | 5 | — | — | " |
| RD P | F.145 | 24 | 3.20 | 4 | 4.50 | — | — | " |
| RD P | F.150 | 104 | 7 | 45 | 5.50 | — | — | " |
| RD P | F.160 | 11 | 15.40 | 75 | 17 | — | — | " |
| UNI C | F.115 | — | — | 5 | 5.30 | — | — | F.114.30 |
| UNI C | F.120 | — | — | 10 | 2.80 | — | — | " |
| UNI C | F.125 | — | — | — | — | 2 | 3.30 | " |
| | | Nov. | | Feb. | | May | | |
| OXY C | $20 | — | — | — | — | 2 | 6¼ | $24⅜ |
| SLY C | $80 | — | — | 5 | 10¾ | — | — | $88 |
| SLY C | $90 | — | — | — | — | 4 | 6⅝ | " |
| | | Dec. | | March | | June | | |
| GM C | $60 | 10 | 5⅛ | — | — | — | — | $54⅝ |
| TOTAL VOLUME IN CONTRACTS | | | | | | 3109 | | |

C=Call P=Put

## APPOINTMENTS

# British-American Tobacco director of finance

Mr. N. W. Goddard has been appointed finance director of BRITISH-AMERICAN TOBACCO COMPANY. He is a member of the Board and has been territorial director with responsibilities for the Far East.

★

Mr. D. A. Jenks, at present managing director of R. PATERSON AND SONS, will also become chairman on January 1, 1980. He will succeed Mr. William Armstrong, who retires as chairman at the end of this year. Mr. Gordon Thomson will join the Board on November 12.

★

Dr. A. Frankel, at present managing director of STAVELEY INDUSTRIES, will become chairman on January 1, 1980 and Mr. R. H. Kent, who is deputy managing director, will be managing director from that date. Sir Harry Moore retires as chairman at the end of next month.

★

Mr. A. J. Walker has been appointed a senior executive at MIDLAND BANK INTERNATIONAL.

★

Asahi Optical Co. of Japan has appointed Mr. Gerald A. Dingley as managing director of its recently established subsidiary, PENTAX UK. He was previously director and general manager of Rank Photographic and Film Services Group, Rank Audio Visual. Mr. Geoffrey Lloyd has become financial controller and company secretary and Mr. John M. Raddon, general manager sales and marketing of Pentax UK. The senior management team is also assisted by Mr. H. Tsuge of Asahi Optical Europe, as treasurer.

★

Dr. Gerhard Schubert of the Rhein Main Ruckversicherungs-Gesellschaft is to join the Board of CROSSWALL REINSURANCE COMPANY.

★

Sir Charles Graham is joining the Committee of Management of the PENSION FUND PROPERTY AGRICULTURAL PROPERTY UNIT TRUST. He is chairman of the Timber Growers Organisation.

★

Sir Edward Fennessy has been appointed to the Board of NEXOS. Sir Edward is deputy chairman of Muirhead and chairman of Muirhead Office Systems. He was managing director of Post Office Telecommunications from 1969-1977, and deputy chairman of the Post Office from 1975-1977.

★

Mr. A. L. Bentley has become deputy chairman of H. G. BENTLEY and he has been succeeded as managing director by Mr. Victor Sherwood. Mr. Ralph Clark has been appointed sales director and Mr. Peter Williams (sales director of Purnell and Sons) has also joined the board. The parent concern is BRITISH PRINTING CORPORATION.

★

Mr. Tom Karlsson, formerly with the Finnish Embassy's commercial department in London where he was involved in promoting trade between Britain and Finland, has returned as chief executive of POLARCUP, the UK marketing company of Polarpak of Finland.

# Early sharp rally on Wall St.

A SHARP RALLY developed in active trading on Wall Street yesterday, partly reflecting bullish money news.

By 1 pm the Dow Jones Industrial Average recouped 9.56 to 807.17, reducing its loss on the week to 11.77, while the NYSE All Common Index, at $57.73, regained 71 cents on the day but was still off 46 cents on the week. Advances led declines by a four-to-one majority, while the trading volume expanded 2.62m shares to 21.56m compared with 1 pm on Thursday.

Analysts said the recent revisions of money data indicated the Federal Reserve would not need to tighten credit further just now.

However, Citibank joined Chase Manhattan Bank at a 15¼ per cent Prime Rate and was followed by most major banks. But analysts said concern about high interest rates, inflation and the sagging economy remained market negatives, as did the still unresolved situation in Iran.

THE AMERICAN SE Market Value Index added 2.50 at 208.45, reducing its loss on the week to 0.59.

CANADA — Markets were broadly higher in fairly active noon trading, with the Toronto Composite Index up 10.3 to 1,583.5.

The Oil and Gas Index moved ahead 35.3 to 3,241.3, Metals and Minerals 16.0 to 1,393.0, Golds 6.0 to 1,906.2 and Utilities 1.10 to 224.29. But Banks shed 0.54 to 274.97 and Papers eased 0.45 to 155.69.

PARIS—Prices firmed in active trading.

However, Paris-France dropped FFr 31 to FFr 259 after Au Printemps withdrew its FFr 325 bid, leaving Radar with its FFr 335 bid outstanding.

GERMANY — Most leading shares easier.

Public Authority Bonds shed up to DM 0.30, while Eurobonds lost up to a full point.

SWITZERLAND — Irregularly lower in light volume, with sentiment depressed by stronger year-on-year increase of Swiss Wholesale Price Index and rise of Time Deposit Rates by four major Swiss Banks.

AMSTERDAM — Firmer trend. Amev and Deli each rose Fl 2.80. State Loans lower.

BRUSSELS—Mixed in quiet trading.

UK and Canadian stocks mixed, Germans and Dutch steady, U.S. and French higher, Gold Mines lower.

MILAN — Irregularly higher in quiet trading, with expectations of an increase in interest rates affecting market sentiment.

TOKYO — Higher in active trading, with investors reacting favourably to formation of the new Ohira Cabinet.

Energy-Related issues led gains.

**Closing prices and market reports were not available for this edition.**

## TOKYO ¶

| Nov. 9 | Prices Yen | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| Asahi Glass | 366 | —4 | 14 | 1.9 |
| Canon | 578 | +13 | 12 | 1.0 |
| Casio | 684 | +4 | 26 | 1.8 |
| Chinon | 510 | ..... | 20 | 3.2 |
| Dai Nippon Print | 555 | +1 | 18 | 1.6 |
| Fuji Photo | 560 | —7 | 15 | 1.3 |
| Hitachi | 249 | +1 | 12 | 2.4 |
| Honda Motors | 669 | +100 | 18 | 1.3 |
| House Food | 840 | ..... | 35 | 2.1 |
| C. Itoh | 569 | —11 | 12 | 1.0 |
| Ito Yokado | 1,250 | ..... | 30 | 1.2 |
| Jaccs | 402 | —3 | 13 | 1.6 |
| J.A.L. | 2,500 | —60 | — | — |
| Kansai Elect.Pw | 840 | +10 | 10 | 0.6 |
| Komatsu | 319 | ..... | 18 | 2.8 |
| Kubota | 348 | ..... | 15 | 2.1 |
| Kyoto-Ceramic | 3,320 | +70 | 35 | 0.5 |
| Matsushita Ind. | 705 | +12 | 20 | 1.4 |
| Mitsubishi Bank | 359 | ..... | 10 | 1.4 |
| Mitsubishi Elec. | 176 | ..... | 12 | 3.4 |
| Mitsubishi He'vy | 156 | —3 | 12 | 3.8 |
| Mitsubishi Corp | 970 | —20 | 13 | 0.7 |
| Mitsui & Co. | 413 | —7 | 14 | 1.7 |
| Mitsukoshi | 440 | —5 | 20 | 2.3 |
| Nippon Denso | 1,200 | ..... | 15 | 0.6 |
| Nippon Shimpan | 595 | —1 | 12 | 1.0 |
| Nissan Motors | 655 | ..... | 16 | 1.2 |
| Pioneer | 1,890 | +10 | 48 | 1.3 |
| Sanyo Elect. | 365 | +2 | 12 | 1.6 |
| Sekisui Prefab | 750 | —2 | 30 | 2.0 |
| Shiseido | 1,150 | ..... | 20 | 0.9 |
| Sony | 1,650 | +10 | 40 | 1.2 |
| Taisho Marine | 269 | +1 | 11 | 2.0 |
| Takeda Chem. | 486 | +6 | 15 | 1.5 |
| TDK | 1,580 | —20 | 30 | 0.9 |
| Teijin | 135 | ..... | 10 | 3.7 |
| Tokyo Marine | 519 | +4 | 11 | 0.9 |
| Tokyo ElectPow | 820 | ..... | 8 | 0.5 |
| Tokyo Sanyo | 510 | +1 | 12 | 0.9 |
| Toray | 181 | +2 | 10 | 2.8 |
| Toshiba Corp | 162 | +1 | 10 | 3.1 |
| Toyota Motor | 848 | —7 | 20 | 1.2 |

Source: Nikko Securities, Tokyo

## OSLO

| Nov. 9 | Price Kroner | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| Bergen Bank | 107 | —1 | 6 | 5.6 |
| Borregaard | 81 | +4 | — | — |
| Creditbank | 119 | —0.25 | 11 | 8.4 |
| Kosmos | 595 | ..... | 10 | 1.7 |
| Kreditkassen | 118.50 | ..... | 11 | 9.2 |
| Norsk HydroKr5 | 603.75xr | +43.75 | 12 | 1.6 |
| Storebrand | 123.75 | +0.25 | 10 | 8.2 |

## GERMANY ♦

| Nov. 9 | Price DM. | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| AEG | 35.8 | —23 | — | — |
| Allianz Versich. | 457 | +1 | 31.2 | 3.4 |
| BHF-BANK | 183 | +2 | 28.12 | 7.7 |
| BMW | 169 | —0.5 | 28.12 | 8.3 |
| BASF | 136.5 | —0.3 | 18.75 | 6.9 |
| Bayer | 125.2 | ..... | 18.75 | 7.5 |
| Bayer-Hypo | 234 | —0.5 | 28.12 | 6.0 |
| Bay. Vereinsbk. | 273 | —0.5 | 28.12 | 5.2 |
| Commerzbank | 183.1 | —0.2 | 26.56 | 7.1 |
| Conti Gummi | 48.7 | —0.5 | — | — |
| Daimler-Benz | 241.1 | —0.5 | 28.12 | 5.9 |
| Degussa | 232.5 | —0.5 | 26.56 | 5.7 |
| Demag | 137 | —1.2 | 17.18 | 6.2 |
| Deutsche Bank | 250.5 | —2 | 28.12 | 5.6 |
| Dresdner Bank | 195 | —0.5 | 28.12 | 7.2 |
| Dyckerhoff ze't. | 145 | —5 | 12.5 | 4.3 |
| Gutehoffnung | 187.2 | —2 | 18.75 | 4.9 |
| Hapag Lloyd | 82.5 | +2 | 9.38 | 5.7 |
| Harpener | 164 | +0.8 | 15.6 | 4.8 |
| Hoechst | 125.5 | —0.2 | 18.75 | 7.5 |
| Hoesch | 38 | —1 | — | — |
| Horten | 122 | +1 | 9.37 | 3.9 |
| Kali und Salz | 140.50 | —0.5 | 15.63 | 5.6 |
| Karstadt | 251.2 | —3.8 | 23.44 | 4.7 |
| Kaufhof | 191.5 | ..... | 25 | 6.4 |
| KlocknerDM.100 | 66 | —0.1 | — | — |
| KHD | 201.5 | +1.5 | 21.88 | 5.5 |
| Krupp DM 100 | 73 | ..... | — | — |
| Linde | 278.5 | —0.5 | 25 | 4.5 |
| Lo'brau DM.100 | 1,410 | ..... | 25 | 1.8 |
| Lufthansa | 79 | +0.5 | 10.94 | 6.9 |
| M.A.N. | 181 | +2 | 21.88 | 6.0 |
| Mannesmann | 135.7 | —0.8 | 17.18 | 6.1 |
| Metallges. | 227.5 | —1.5 | 12.5 | 2.8 |
| Munchener Rck | 555 | +5 | 28.12 | 2.6 |
| Neckermann | 129 | —1 | — | — |
| Preuss'g DM100 | 156.5 | +0.5 | — | — |
| RheinWestElect | 175.2 | ..... | 25 | 7.0 |
| Schering | 208 | +1 | 28.12 | 6.7 |
| Siemens | 249 | —0.5 | 25 | 5.0 |
| Sud Zucker | 252 | ..... | 29.68 | 5.8 |
| Thyssen A.G. | 79.5 | —0.5 | 12.5 | 7.6 |
| Varta | 160 | —1.3 | 16.18 | 5.4 |
| VEBA | 142.5 | —1.1 | 18.72 | 6.5 |
| Vereins&W'stBk | 280 | ..... | 28.12 | 5.0 |
| Volkswagen | 177.8 | +0.2 | 28.12 | 7.9 |

## VIENNA

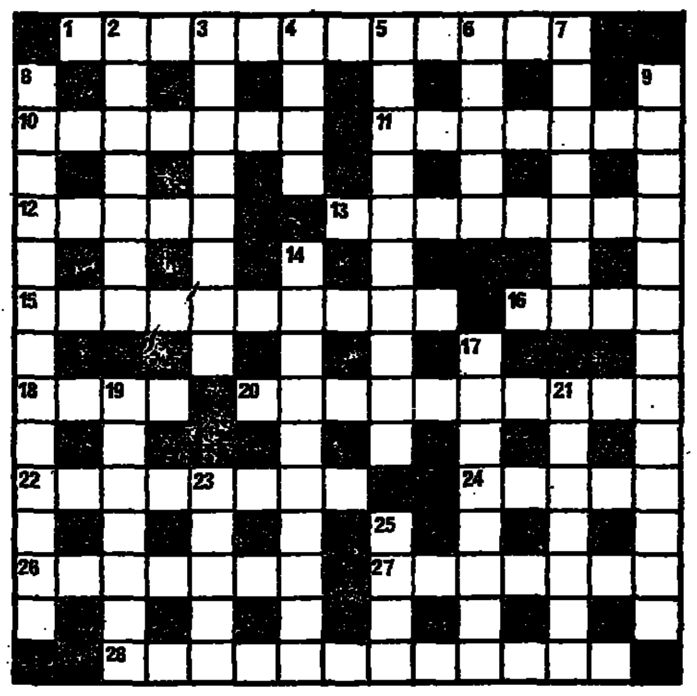
| Nov. 9 | Price % | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| Creditanstalt | 336 | ..... | 10 | 2.9 |
| Perlmooser | 279 | —4 | 9 | 3.2 |
| Selecta | 563 | +1 | 38 | 6.6 |
| Semperit | 81 | ..... | — | — |
| Steyr Daimler | 223 | —1 | 9 | 4.0 |
| Veit Magnesit | 320 | ..... | 10 | 3.2 |

## F.T. CROSSWORD PUZZLE No. 4,122

*A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.*

*Name* ..........................................

*Address* ..........................................



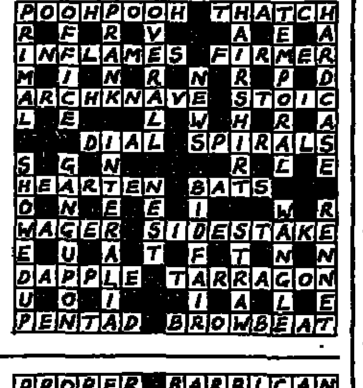
**ACROSS**

1 Two drunks holding the legs of a dancer (4, 2, 6)
10 Sporting round that follows the bell (4, 3)
11 Din said to be treated with contempt (7)
12 Amusement AA might obtain from animals (5)
13 Steps taken by devotee of cabaret act (3, 5)
15 Go on chattering about child's toy on holiday (6, 4)
16 Smart young bird losing king in the end (4)
18 Fit of the blues to shoulder (4)
20 Part of the Bible that's let out (10)
22 Begged Belgian leader with two points to take anything (8)
24 Saucy frolic (5)
26 Enduring capacity of man as it may be (7)
27 In and out and little by little boy gets round deserter (7)
28 A free drink while shopping is a pleasure to anticipate (5, 2, 5)

**DOWN**

2 A fool turned up last month with battery (7)
3 Engineers likely to be safe (8)
4 Dandies employed by Foreign Office by an afterthought (4)
5 Fine stuff for writing to the Bombay Times (5, 5)
6 Washed down ramshackle shed with nothing in it (5)
7 Check flow of 3 (7)
8 Just as well everybody wanting top quality (3, 3, 3, 4)
9 Signed up for inferior bridge (5, 8)
14 Offer a card to show mercy (4, 1, 5)
17 Bachelor and third rate accountant desert the card game (8)
19 Frenchman is reckoned to be playing wrong part (7)
21 He ascribes to one member true reform (7)
23 One oriental get-together (5)
25 Import average (4)

**Solution to Puzzle No. 4,121**



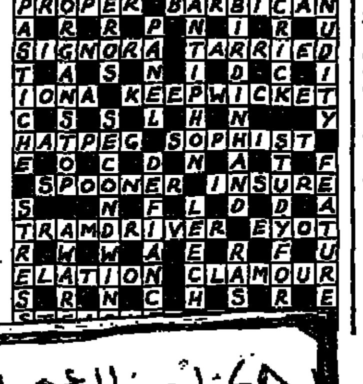
**SOLUTION AND WINNERS OF PUZZLE No. 4,116**

Following are the winners of last Saturday's prize puzzle:

Mrs. D. Murrell, 37 Woodland Road Selsey, Chichester, West Sussex.

Mrs. H. E. Rutter, 28 Washington Road, Heighington, Lincoln LN4 1RE.

Mrs. J. Storey, 12 Preen Drive, Middlesbrough, Cleveland.



# Indices

## NEW YORK—DOW JONES

| | Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | Nov. 2 | Nov. 1 | 1979 High | 1979 Low | Since Compil'n High | Since Compil'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ● Industr'ls | 797.61 | 796.67 | 806.46 | 812.63 | 818.94 | 820.14 | 897.61 (5/10) | 796.67 (7/11) | 1051.70 (11/73) | 41.22 (2/7/32) |
| H'me B'nds | 75.44 | 75.79 | 75.93 | 75.75 | 75.88 | 76.50 | 88.10 (15/6) | 75.44 (8/11) | — | — |
| Transport. | 230.25 | 228.66 | 238.33 | 231.01 | 232.97 | 234.51 | 271.77 (15/8) | 205.78 (27/2) | 279.88 (7/2/69) | 12.23 (8/7/32) |
| Utilities | 98.61 | 98.51 | 99.49 | 99.79 | 100.54 | 100.81 | 109.61 (25/8) | 98.24 (24/10) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading Vol 000's† | 26,530 | 38,850 | 22,060 | 20,800 | 25,770 | 25,990 | — | — | — | — |

●Day's high 804.27 low 792.24

| Ind. div. yield % | Nov. 2 | Oct. 26 | Oct. 19 | Year ago (approx) |
|---|---|---|---|---|
| | 6.11 | 6.16 | 6.11 | 5.77 |

## STANDARD AND POORS

| | Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | Nov. 2 | Nov. 1 | 1979 High | 1979 Low | Since Compil'n High | Since Compil'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 112.36 | 111.86 | 113.58 | 114.10 | 114.52 | 114.87 | 124.49 (5/10) | 107.08 (27/2) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| §Composite | 100.30 | 99.87 | 101.29 | 101.82 | 102.51 | 102.57 | 111.27 (5/10) | 96.13 (27/2) | 125.85 (11/1/73) | 4.40 (1/6/32) |

| | Nov. 7 | Oct. 31 | Oct. 24 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.58 | 5.42 | 5.46 | 5.16 |
| Ind. P/E Ratio | 7.42 | 7.57 | 7.45 | 8.81 |
| Long Gov. Bond Yield | 10.59 | 10.28 | 10.30 | 8.76 |

## N.Y.S.E. ALL COMMON

| Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | 1979 High | 1979 Low |
|---|---|---|---|---|---|
| 57.02 | 56.75 | 57.48 | 57.81 | 62.88 (21/9) | 53.88 (27/6) |

## Rises and Falls

| | Nov. 8 | Nov. 7 | Nov. 6 |
|---|---|---|---|
| Issues Traded | 1,877 | 1,881 | 1,870 |
| Rises | 794 | 274 | 449 |
| Falls | 629 | 1,267 | 976 |
| Unchanged | 454 | 340 | 445 |
| New Highs | 10 | 5 | 10 |
| New Lows | 118 | 159 | 100 |

| MONTREAL | Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | 1979 High | 1979 Low |
|---|---|---|---|---|---|---|
| Industrial | 292.58 | 295.38 | 297.38 | 296.57 | 332.12 (5/10) | 218.16 (2/1) |
| Combined | 276.55 | 277.87 | 281.17 | 280.62 | 314.35 (5/10) | 225.80 (2/1) |
| TORONTO Composite | 1573.2 | 1578.5 | 1597.0 | 1589.6 | 1684.71 (5/10) | 1315.8 (2/1) |
| JOHANNESBURG Gold | 417.5 | 429.6 | 411.8 | 392.7 | 428.8 (7/11) | 228.4 (17/4) |
| Industrial | 410.1 | 409.9 | 407.2 | 407.8 | 410.1 (8/11) | 270.5 (2/1) |

| | Nov. 9 | Pre-vious | 1979 High | 1979 Low |
|---|---|---|---|---|
| Australia (¶) | 638.92 | 638.74 | 689.92 (9/11) | 545.72 (2/1) |
| Belgium (‖) | 108.49 | 109.00 | 109.47 (5/10) | 98.90 (3/1) |
| Denmark(**) | 90.57 | 90.75 | 97.46 (25/7) | 88.32 (8/1) |
| France (††) | 98.5 | 98.7 | 107.1 (8/10) | 71.5 (15/2) |
| Germany (‡‡) | 709.20 | 709.7 | 839.6 (18/1) | 704.5 (7/11) |
| Holland (§§) | 87.6 | 86.9 | 85.9 (24.1) | 66.9 (7/11) |
| Hong Kong ¶¶ | 712.32 | 713.95 | 727.40 (6/11) | 493.83 (2/1) |
| Italy (‖‖) | 86.05 | 84.88 | 93.85 (4/10) | 68.38 (2/1) |
| Japan (a) | 444.54 | 444.25 | 465.24 (28.9) | 435.1 (13/7) |
| Singapore (b) | 401.97 | 402.16 | 423.55 (3/10) | 346.35 (23/2) |

| | Nov. 9 | Pre-vious | 1979 High | 1979 Low |
|---|---|---|---|---|
| Spain (d) | (c) | 94.01 | 111.80 (3/4) | 93.42 (9/11) |
| Sweden (e) | 358.88 | 355.91 | 401.34 (5/9) | 331.32 (24/5) |
| Switzerld (f) | 305.6 | 305.7 | 329.1 (2/3) | 294.3 (8/1) |

All indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto —1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials. 40 Utilities, 40 Finance and 20 Transport. ‖ Belgian SE 31/12/63. ¶ Sydney All Ordinary. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

## THURSDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Bally Mfg. | 617,400 | 30⅞ | +2⅛ |
| IBM | 543,300 | 61⅞ | +⅛ |
| Xerox | 381,400 | 57⅞ | +⅛ |
| Mobil | 312,700 | 48⅝ | —⅛ |
| Boeing | 256,900 | 43⅜ | +⅛ |
| Gen. Motors | 254,100 | 54⅝xd | +⅛ |
| Caesars World | 248,900 | 16⅝ | +1⅛ |
| Gulf Oil | 228,400 | 32⅝ | — |
| Sears Roebuck | 223,500 | 18⅝ | +⅛ |
| El Paso | 212,500 | 20⅝ | +⅛ |

هكذا من الأصل

# Counterbid seen for Lafarge Emballage

By Terry Dodsworth in Paris

A COUNTERBID for Lafarge-Emballage, the French packaging group which Billerud-Uddeholm of Sweden is hoping to take over, is expected from a French-based company within the next few days.

It has been known for some time that La Cellulose du Pin, a subsidiary of the giant Saint Gobain-Pont-a-Mousson conglomerate, has been working on a counter-offer. This bid is expected to emerge shortly with the tacit support of the French Government, which has not so far cleared the offer from Sweden.

Whether this "French solution" will work depends partly on the financial package which La Cellulose can put together, and partly on the attitude of the Lafarge Group, the cement manufacturing company, which currently controls Lafarge-Emballage.

On the financial side, Cellulose is not a strong company, having made losses in recent years. But it is said to have the support of other financial interests in the bid, which will be in excess of the FFr 10m offered by Billerud. In addition Cellulose will have to fulfil Lafarge's conditions for agreeing to the bid.

The cement group said recently that it would not accept an offer which did not give prospects for developing Lafarge-Emballage and for maintaining employment in the company.

# State not to intervene in AEG reorganisation

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government has for the present ruled out the idea of a state participation in the troubled electrical group, AEG-Telefunken.

Finance Minister, Herr Hans Matthoefer, said yesterday that AEG and the commercial banks had a plan which, if carried through, should place the company on a sound basis. A Government shareholding would thus be unnecessary.

Herr Matthoefer was speaking after talks he and the Economics Minister, Count Otto Lambsdorff, had held with trade union representatives from the company's supervisory Board. The union side is clearly disappointed by the Government response but has not given up hope that state aid in some form may still be forthcoming.

AEG, which made a loss of DM 347m last year and is expected to make a bigger one this year, is expected to announce a wide-ranging reform scheme next month. It is thought likely to cover a write-down in capital, an injection of finance by the banks—and a cut of thousands in its labour force.

In one apparent move in this direction, AEG yesterday revealed plans to close a factory in Hanover making components for radio and TV sets and video recorders. The closure will take effect by mid-1980 with the loss of about 1,000 jobs.

Herr Matthoefer noted that part of the cut in AEG's labour force could be achieved through natural attrition rather than dismissals. He felt that it was, in the first place, up to the Laender (provincial state) governments rather than the Federal Government to cope with the unemployment problems which might arise.

● Bayerische Vereinsbank of West Germany and the Credit-anstalt-Bankverein of Austria have increased their holdings in Wirtschafts-und Privatbank of Switzerland. Each now controls 50 per cent of the Swiss bank, up from 37.5 per cent. Wirtschafts-und Privatbank has assets valued at more than SwFr 200m.

# Much higher sales base needed at Fokker

By Charles Batchelor in Amsterdam

FOKKER, the Dutch arm of the soon-to-be-separated Dutch-German Fokker-VFW group, must double or even treble sales from their present level of Fl 1bn ($500m) if it is to remain a viable entity, chairman Hans Swarttouw says.

Mr. Swarttouw also stresses that Fokker needs to increase productivity as well as reduce its costs base.

The group must be working on at least three programmes at any one time—a new development, a project which is at its peak and a third which is being run down, he said. Fokker now plans to increase the combined annual production of its F-27 turbo-prop and the F-28 fan jet to 40 a year from current levels of 26 and in the longer term hopes to be making 60-70 a year.

Fokker expects increased demand for both of its present passenger aircraft now that the U.S. airline de-regulation Act, which allows commuter airlines to use larger aircraft, has come into force.

The group's plans for a new passenger jet, the F-29, have been "well received" by potential partners in a production co-operation deal. Fokker has reached a provisional agreement with Boeing for the U.S. company to provide fuselage parts from its 737 aircraft for the F-29.

The Japanese are also interested in the project, Mr. Swarttouw said. For them, a partnership with Fokker would be preferable to one with a much larger U.S. company which might tend to dominate a joint venture.

# Itel discloses further write-downs of $150m

BY DAVID LASCELLES IN NEW YORK

ITEL CORPORATION, the troubled computer leasing concern, revealed yesterday that its third quarter losses will be even higher than expected because of new write-downs and loss reserves. But it added that it will be filing more claims with Lloyd's of London under insurance policies protecting it against losses in computer leasing.

According to an announcement from its San Francisco headquarters, the new charges against earnings will amount to about $150m, bringing the total expected loss for the third quarter to $175m. Itel management spent yesterday in talks with the company's bankers in New York, reviewing the third quarter results, which will be published in the week beginning November 26.

The extra write-downs and loss reserves result mainly from Itel's decision last summer to pull out of the computer leasing business where it had suffered large losses due to technology changes introduced by IBM, the industry leader.

At the beginning of last month, Itel transferred its domestic and European IBM-compatible business to National Semiconductor, the large electronic components concern. Since then, it has decided to pull out of computers in other parts of the world, and to discontinue various other computer-connected businesses such as data services.

Itel said it has already filed insurance claims with Lloyd's arising out of policies issued between 1975 and 1978. Lloyd's has so far paid only a portion of these claims, Itel said. The company expects to file many more claims in the coming months. It says that it is still too early to say whether it will suffer significant losses in connection with these claims. Talks with Lloyd's are continuing, however, to clarify this issue.

Insurance policies like Itel's have already posed Lloyd's with its largest potential pay-outs ever, and Lloyd's underwriters have now stopped issuing them.

# French stores bid battle over

BY DAVID WHITE IN PARIS

THE FIERCE takeover battle for the Paris-France shopping chain came close to resolving itself yesterday when the original bidder, the Au Printemps group, withdrew from the field.

This leaves the way clear for another store company, Radar, to take a 51 per cent controlling interest in Paris-France. In the five weeks since the battle began in earnest, Radar has already raised its stake from 6 per cent to 22 per cent by buying shares on the market, and it is now expected to acquire the remaining 29 per cent under its latest bid of FFr 335 a share to secure control.

Radar's counter-bid was backed by the directors of Paris-France and by the big private-sector bank Crédit Commercial de France, which is one of the main original shareholders alongside the Gompel family. The final Radar bid values the whole company at FFr 462m ($110m).

Au Printemps informed the stockbrokers' association yesterday that it was abandoning its fight.

Paris-France shares were suspended on the Paris Bourse on September 19 as the first rumours of a bid hit the market. The last quoted price on that day was FFr 221.

Au Printemps lodged its first bid officially on October 4, for a minimum of 19.9 per cent and a maximum of 34 per cent of the stock at FFr 250 a share.

Trading in Paris-France shares started again on October 8, and the following day Radar bought a further 5.67 per cent at FFr 305 a share. The shares were suspended again the day after, when Radar announced its counter-bid for 19.9 per cent of the stock at the same price of FFr 305.

Au Printemps applied unsuccessfully for a sequestration order on the shares Radar had bought in the market.

Last week Au Printemps made a second bid, raising its price to FFr 325 a share and extending its offer to 50 per cent of the capital, only to be outbid once more by Radar this week.

Paris-France runs a chain of 57 stores in France. It showed a group loss of FFr 8.66m ($2.1m) last year on sales of FFr 3.2bn.

# United Technologies extends Mostek offer

HARTFORD — United Technologies said that it has extended its $62 a share tender offer for Mostek Corporation stock until November 13.

It said that a final count of the exact number of shares tendered will take several days but preliminary reports indicate that by Thursday evening about 4,175,856 shares had been received. These shares, together with the 1,237,130 shares the company already owns or has contracted to buy, represent over 90 per cent of the outstanding stock.

United Technologies also said that Mr. Harry J. Gray, chairman and president, and four other senior executives or United Technologies have been elected directors of Mostek, the Dallas-based silicon chip manufacturer.

As previously announced, United Technologies and Mostek have entered into a merger agreement under which any Mostek shares not purchased by United Technologies in the tender offer will be acquired in a subsequent cash merger transaction at $62 a share.

On completion of the merger, Mostek will be operated by its existing management as a separate subsidiary of United Technologies.

Hartford National Bank and Trust is depositary, Lazard Freres is dealer manager.

Agencies

# Ashland sees strong gain

NEW YORK—Profits at Ashland Oil for the first quarter ending December 31 "should be up very substantially over last year," Mr. Orin E. Atkins, the chairman, told analysts.

In the year ago quarter, Ashland earned $50.7m or $1.33 a share adjusted for a three-for-two split in December 1978.

Mr. Atkins said that the last two quarters of fiscal 1980 "should be good and we will meet our stated objective of achieving an approximately 20 per cent gain in per share earnings from operations."

Ashland reported fiscal 1979 net income of $526m or $15.55 a share on revenue of $6.74bn.

Reuter







# Upsurge at Barlow Rand

BY JIM JONES IN JOHANNESBURG

BARLOW RAND raised its group operating profit by 51.6 per cent to R290.2m ($350m) for the year to September 30, from R290.2m in 1977-78. Consolidated turnover advanced 40.6 per cent to R2.28bn ($2.7bn), from R1.62bn. After allowing for the group's major mining arm, Transvaal Consolidated Land, which reported turnover of R207.4m pre-tax profits of R65.6m, Barlow Rand's industrial and non-mining interests are left as major contributors to the group's expansion.

With the preliminary results, the directors give no indication of likely trends for the current year.

Ordinary dividends totalling 38 cents, compared with 30 cents for 1977-78, have been declared, from earnings per share of 118.6 cents, against 88.6 cents.

# IMI plans bond issues

ROME — The Italian medium-term lending institution Istituto Mobiliare Italiano (IMI) plans to launch three open-ended bond issues shortly with maturities of four, six and nine years and yields of around 14 to 14.1 per cent. Final details of the issues are still being decided. They will be destined primarily for banks, rather than for private investors.

Reuter

# Gain at Malayan Banking

BY WONG SULONG IN KUALA LUMPUR

MALAYAN BANKING Berhad, Malaysia's biggest banking group, increased its net profit by 35 per cent to 34.8m ringgit ($15.9m) in the year to June. The bank itself made a stronger advance, with net profits up 43.7 per cent to 31.8m ringgit.

The group has declared a final dividend of 13 per cent, making a total of 20 per cent for the year, against the previous 17.5 per cent.

Group deposits rose by 15 per cent to 4.864bn ringgit, and loans expanded by 32 per cent to 2.655bn ringgit, in line with the strong demand for credit, particularly during the second half of the financial year. Total assets of the group rose by 24 per cent to over 6.8bn ringgit.

Apart from its ownership of Malayan Banking, the group has substantial interests in two other banks—Kwong Yik and Aseam Merchant Bank.

## COMMODITIES/REVIEW OF THE WEEK

UNCERTAINTY AHEAD of the current meeting of the "Bogota" producer group helped to boost values on the London coffee futures market this week.

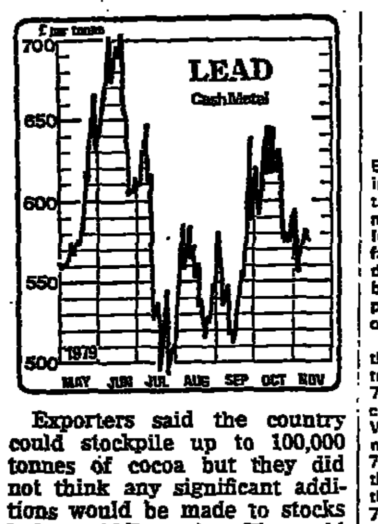
The Group, which operates a price support fund worth an estimated $400m, is said to be considering long term policy. Brazilian coffee trade sources said one of the main points under discussion was expected to be the extent to which other producers were willing to restrain exports to allow Brazil to maximise coffee sales in November and December.

Already this week Mexico, El Salvador and Guatamala have announced they were suspending coffee exports. Sr. Eduardo Gonzalez, president of the Guatemalan Coffee Exports Association said the decision had been taken "in accordance with resolutions taken by the remaining members of the Bogota group aimed at achieving price stability in international markets."

The January future position on the London coffee market ended the week £51 higher at £1,853.50 a tonne.

Cocoa prices also rose sharply with the March delivery future position closing at £1,452 a tonne yesterday, up £46 on the week.

The market was boosted on Monday when Ivory Coast exporters revealed that their Government had asked them to hold cocoa off the world market because of current depressed price levels. The Ivory Coast is the world's biggest producer of cocoa.




Exporters said the country could stockpile up to 100,000 tonnes of cocoa but they did not think any significant additions would be made to stocks before mid-December. They said the harvesting programme was already more than six weeks behind schedule. "We have absolutely no stocks available at present," they added.

A £7.50 rise in the March position on the London raw sugar futures market yesterday pushed the price to a new three-year peak of £183.65 a tonne, up £8.20 on the week.

Traders attributed the advance chiefly to chartist and speculative buying prompted by a U.S. Agriculture Department report forecasting that the market's recent strength will continue into next year.

Sentiment was also aided by a forecast by C. Czarnicow, the London-based merchants, that world sugar production will fall to 88.69m tonnes in 1979-80 from 91.12m last year.

Metal prices were generally easier this week, reflecting profit-taking after the previous rises and the rise in the value of sterling.

Copper cash wirebars closed last night £17.5 lower on the week at £958 a tonne. A depressing influence was a forecast that LME warehouse stocks of copper will rise by a modest amount for the first time since last December.

Tin prices came down sharply as the shortage of nearby supplies eased, although a decline in warehouse stocks is predicted. Cash tin fell during the week by £350 to £7,540 a tonne, narrowing its premium over the three-months quotation which declined by £185 to £7,435. London was also influenced by the downward trend in the Penang market.

Lead was hit by profit-taking after the previous week's rise. It was claimed that speculators were tending to switch out of lead into its sister metal, zinc, on the basis that lead was basically over-valued and zinc held steady by producer support buying. Certainly interest in lead waned, while zinc ended the week marginally lower despite the falls in most other base metals.

Aluminium was the only other metal to gain ground. The market was boosted by news that workers at Alcan's giant Kitimat smelter had voted against the terms of a proposed new labour contract.

## WEEKLY PRICE CHANGES

| | Latest prices per tonne unless stated | Ch'nge on week | Year ago | 1979 High | 1979 Low |
|---|---|---|---|---|---|
| **METALS** | | | | | |
| Aluminium | £760/770 | — | £710 | £770 | £710 |
| Free Markets c.i.f. | $1690/1725 | −70 | $1,190/210 | $1,775 | $1,210 |
| Antimony | | | | | |
| Free Market 99.6% | $3160/3200 | +20 | $2,600/650 | $3,000 | $2,712.5 |
| Copper Cash Wire Bars | £958 | −17.5 | £740 | £1,090.5 | £769 |
| 3 months Do. Do | £973.75 | −15.5 | £760.75 | £1,093.5 | £783.75 |
| Cash Cathodes | £938 | −23 | £728.75 | £1,062 | £744.5 |
| 3 months Do | £954.5 | −18 | £749.25 | £1,057 | £767.25 |
| Gold per oz | $390.5 | +17.75 | $207.625 | $424.00 | $216.625 |
| Lead cash § | £575.5 | −16.5 | £406 | £701.5 | £456.75 |
| 3 months § | £570.5 | −12.5 | £394.75 | £642.5 | £420.75 |
| Nickel | £3,185.22 | — | ‡ | £3,225.4 | 2,520.69 |
| Free Market c.i.f. lb | 265/280c | — | 178/82c | 340c | 156c |
| Platinum per oz | £165.5 | +4.5 | £142 | £168.5 | £152 |
| Free Market per oz | £244.50 | +15.5 | £162.3 | £283.10 | £156.65 |
| Quicksilver (76lbs.) | $310/325 | +7.5 | $153/58 | $355 | $160 |
| Silver per oz | 785.50p | +7.5 | 290.8p | 850.50p | 269.4p |
| 3 months per oz | 802.30p | +7.5 | 298.7p | 877.00p | 303.7p |
| Tin cash | £7,540 | −350 | £7,865 | £7,957.5 | £6,320 |
| 3 months | £7,435 | −185 | £7,675 | £7,620 | £6,365 |
| Tungsten Ind | $142.72 | −0.75 | $143/71 | $145.56 | $127.94 |
| Wolfram (22.04 lb) | $139/143 | −1 | $143/48 | $144/149 | $120.5 |
| Zinc cash | £332.5 | −3.5 | £353.5 | £408.5 | £275.5 |
| 3 months | £340.75 | −3.75 | £366.25 | £423.5 | £286.25 |
| Producers | $760 | — | $720 | $845 | $720 |
| **GRAINS** | | | | | |
| Barley | | | | | |
| Home Futures | £96.05 | −0.5 | £92.45 | £98.55 | £85.8 |
| Maize | | | | | |
| French No. 3 Yellow (Amer) | £116.0 | +1 | £102.5 | £116.0 | £105.5 |
| **WHEAT** | | | | | |
| No. 1 Red Spring | ‡ | — | £94.35 | £99.0 | £92.0 |
| Am. Hard Winter | £106.50 | −2 | £89.5 | £109.75 | £83.5 |
| Eng. Milling (new crop) | ‡ | — | £91.5 | £107.5 | £43.5 |
| **SPICES** | | | | | |
| Cloves (g) | $4,000x | — | $3,975 | $4,000 | $3,850 |
| Pepper, white | $2,775 | — | $2,900 | $2,850 | $2 600 |
| " black | $1,900 | — | $1,925 | $1.925 | $1 560 |
| **OILS** | | | | | |
| Coconut (Philippines) | $930.0x | +10 | $850 | $1,175 | $905 |
| Groundnut 5% | ‡ | — | ‡ | ‡ | ‡ |
| Linseed, Crude | $420 | +7 | $348 | $441 | $386 |
| Palm Malayan | $630.0w | +30 | $608 | $720 | $562.50* |
| **SEEDS** | | | | | |
| Copra (Philippines) | $615x | +10 | $570 | $745 | $590 |
| Soyabeans (U.S.) | $288.0w | +4.9 | $272 | $350.45 | $235.25 |
| **OTHER COMMODITIES** | | | | | |
| Cocoa Shipment | £1,537 | +59 | £2,214 | £2,041 | £1,446 |
| F'ts 2nd pen. | £1,452 | +46 | £2,058 | £1,990.5 | £1,330.5 |
| Coffee Futures Jan. | £1,853.5 | +51 | £1,467 | £2,089 | £1,298.5 |
| Cotton Index | 79.40c | +0.15 | 79.15c | 79.40c | 72.5c |
| Des. Coconut | £700 | — | £645 | £740 | £700 |
| Jute UJ ABW C grade | £226x | — | £491 | £263 | £226 |
| Rubber kilo | 63.00p | — | 62.5p | 67.750p | 55p |
| Sago Pearl | £219x | — | £178 | £219 | £178 |
| Sisal No. 3 L | $885 | — | $530 | $885 | $515 |
| Sugar (Raw) | £160.0 | +4 | £99 | £160.0 | £92.5 |
| Tapioca No. 1 | £209x | — | £188 | £209 | £167 |
| Tea (quality) kilo | 150p | −5 | 156p | 155p | 123p |
| " (plain) kilo | 70p | +1 | 82p | 82p | 60p |
| Wooltops 64s Warp | 269p kilo | −1 | 272p kilo | 295p kilo | 262p kilo |

* Nominal. ‡ Unquoted. (g) Madagascar. (y) Dec. (x) Nov./Dec. (z) Nov. (w) Jan.

# MARKET REPORTS

## BASE METALS

COPPER—Lower in the London Metal Exchange. Reports of Japanese offerings of physical material, a steadier trend in sterling and forecasts of a marginal increase in stocks—the first for almost a year—saw forward metal fall from an opening of £980 to the day's low of £973 in the afternoon before a late rally which left the price at £975 on the late kerb. Turnover+ 11,300 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £946.5, three months £980, 79, 77, 76, 77, 79, 80, 79.5. Cathodes, cash £943, three months £960. Kerb: Wirebars, three months £980. Afternoon: Wirebars, three months £978, 77, 75, 76, 75, 74, 74.5, 74. Cathodes, three months £954. Kerb: Wirebars, three months £973, 74, 75, 76, 77, 76, 75, 74, 76.

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 964.5-5 | +.25 | 957-9 | −8 |
| 3 months | 979-80 | −.25 | 973.5-4 | −9.75 |
| Settlem't | 965 | ...... | — | ...... |
| Cathodes | | | | |
| Cash | 943-4 | −3 | 937-9 | −8 |
| 3 months | 959-61 | −1.5 | 954-5 | −10 |
| Settlem't | 944 | −4 | — | ...... |
| U.S. Prod. | — | ...... | *95-97.25 | ...... |

TIN—Fell away on renewed hedge selling and the absence of any fresh physical buying interest. A fall at Penang saw forward metal open lower at £7,465 and ease to £7,430 in the early afternoon with the backwardation narrowing to £110. However, a modest rally developed on the late kerb with forward metal finally quoted at £7,450. Turnover: 730 tonnes.

Morning: Standard, cash £7,610, three months £7,465, 60, 50, 60. Kerb: Standard, three months £7,460, 70, 80, 80, 80. Afternoon: Standard, three months £7,480, 40, 45, 40, 30. High Grade, three months £7,450. Kerb: Standard, three months £7,450, 30, 50.

| TIN | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7560-80 | −85 | 7530-50 | −110 |
| 3 months | 7460-80 | −25 | 7440-50 | −45 |
| Settlem't | 7580 | −80 | — | ...... |
| Standard | | | | |
| Cash | 7560-80 | −85 | 7550-60 | −110 |
| 3 months | 7460-70 | −27.5 | 7430-40 | −50 |
| Settlem't | 7580 | −80 | — | ...... |
| Straits E. | ‡$2049 | −9 | — | ...... |
| NewYork | — | ...... | | |

LEAD — Easier as profit-taking followed the recent strong gains. Forward metal moved narrowly, trading at £570.5 in the morning rings and dipping to £570.5 in the early afternoon before closing the late kerb at £573.5. Little change is expected in stocks over the past week. Turnover: 7,700 tonnes.

Morning: Three months £573, 72, 71. Kerb: Three months £572. Afternoon: Three months £571, 70, 70.5, 70, 69, 70. Kerb: Three months £572, 73.

| LEAD | a.m. Official | + or − | p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 575-6 | +7.25 | 575-6 | −6.5 |
| 3 months | 571-2 | +6 | 570-1 | −7 |
| S'ment | 576 | +7.5 | — | ...... |
| U.S. Spot | — | ...... | *57-63 | ...... |

ZINC—Marginally easier in subdued trading. Forward metal drifted for most of the day, opening around £344.5 and easing back to close the late kerb at £340.5. Turnover: 1,925 tonnes.

Morning: Three months £343. Afternoon: Three months £343, 40. Kerb: Three months £341, 40, 41.

| ZINC | a.m. Official | + or − | p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 334-5 | +1 | 332-5 | −4.5 |
| 3 months | 342-4 | −2.5 | 340.5-1 | −4.75 |
| S'ment | 336 | +1 | — | ...... |
| Prim w'sts | — | ...... | *35-37.5 | ...... |

ALUMINIUM—Higher again as short covering pushed forward metal up from £792 at the outset to the day's high of £803 on the late kerb. Turnover: 6,550 tonnes.

Morning: Cash £845, three months £795, 97, 98, 99, 800, 799, 800, 1, 2, 3, 4, 3, 2. Kerb: Three months £802. Afternoon: Three months £800, 1, 2. Kerb: Three months £802, 1, 2, 1.5, 1, 800.

| Alumin'm | a.m. Official | + or − | p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 840-4 | +14.5 | 842-4 | +5.5 |
| 3 months | 801-2 | +10.5 | 801-2 | −4.5 |

NICKEL—Barely changed in quiet trading with forward metal moving between £2,810 and £2,840 prior to closing the late kerb at £2,810. Turnover: 300 tonnes.

Morning: Three months £2,820. Kerb: Three months £2,820, 10, 15. Afternoon: Three months £2,825. Kerb: Three months £2,815, 10.

| NICKEL | a.m. Official | + or − | p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 2770-90 | +5 | 2780-800 | ...... |
| 3 months | 2820-5 | +5 | 2815-30 | −2.5 |

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed 2.95p an ounce higher for spot delivery in the London bullion market yesterday at 785.5p. U.S. cent equivalents of the fixing levels were: spot 1,640.5c, up 0.5p; three-month 1,678.4c, down 0.60c; six-month 1,705.8c, down 3.2c; and 12-month 1,754.7c, down 0.10c. The metal opened at 790-795p (1,650-1,660c) and closed at 782-787p (1,635c-1,645c).

| SILVER per troy oz. | Bullion fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 785.50p | +2.55 | 782.25p | +2.5 |
| 3 months | 802.30p | +2.55 | 789.5p | +0.25 |
| 6 months | 815.90p | +0.7 | — | ...... |
| 12months | 844.00p | +3.45 | — | ...... |

LME—Turnover 91 (136) lots of 10,000 oz. Morning: Three months 799, 97, 99, 98, 800, 799.5, 801, 2, 1, 800. Kerb: Untraded. Afternoon: Three months 802, 1, 1.5, 1, 799. Kerb: Three months 799, 9.5.

## COCOA

Trading was expected to be a little easier at the opening but prices in fact steadied on rumours of rain damage to Ivory Coast crop and in relatively light trading closed almost unchanged to Thursday evening. Producers and consumers alike were withdrawn today, origins anticipating that the recently experienced rally has further to go while industry are content to await a reaction on the downside, reported Gill and Duffus.

| COCOA | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| Dec | 1451-1452 | +5.5 | 1462-40 |
| March | 1450-1454 | +6.5 | 1467-42 |
| May | 1467-1468 | −3.0 | 1484-55 |
| July | 1481-1482 | −5.0 | 1500-1481 |
| Sep | 1495-1500 | −10.0 | 1520-05 |
| Dec | 1510-1530 | −8.0 | — |
| March | 1535-1560 | −8.5 | — |

Sales: 1,594 (1,581) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 8 133.62 (135.49); Indicator price Nov. 9 15-day average 131.75 (131.81); 22-day average 134.11 (134.69).

## COFFEE

After opening around unchanged levels robustas gradually advanced to register gains of £70 to £23 on the day, reported Drexel, Burnham, Lambert. The majority of the activity centred around January during the morning session but in the afternoon commercial houses became more involved in the forward position throughout a steady period and differentials altered continuously as switch operations contributed largely towards the days volume.

| COFFEE | Yesterdays Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| November | 1818-19 | +11.0 | 1825-00 |
| January | 1853-54 | +17.5 | 1860-37 |
| March | 1777-78 | +17.5 | 1780-52 |
| May | 1752-54 | +27.5 | 1165-35 |
| July | 1759-61 | +32.5 | 1759-28 |
| Sept | 1751-64 | +45.5 | 17g4 |
| November | 1646-50 | +48.0 | — |

Sales: 4,030 (5,445) lots of 5 tonnes.

ICS indicator prices for November 8 (cents per pound): Other Mild Arabicas 206.33 (206.00). Robustas ICA 1976 176.00 (same). ICA 1968 176.25 (same). Unwashed Arabicas 213.00 (212.00). Comp. daily ICA 1968 199.31 (198.92).

## GRAINS

LONDON GRAIN FUTURES—Grains opened 10p lower on old crops. In thin volume values eased slightly on selling pressures but at around 25p lower support was seen on wheat and barley and values remained about steady, to close unchanged to 10p lower on wheat and 5p higher on November Barley to 30p down on the day, reported Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterd'ys close | + or − | Yesterdys close | + or − |
| Nov | 95.45 | +0.05 | 92.80 | −0.05 |
| Jan | 98.95 | −0.20 | 96.05 | −0.20 |
| Mar | 102.85 | −0.25 | 99.95 | −0.25 |
| May | 106.25 | −0.25 | 103.20 | −0.15 |
| Sept | 98.60 | +0.10 | 95.55 | +0.05 |

Business done—Wheat: Nov. 95.45-95.40, Jan. 98.95-98.85, March 102.85-102.70, May 106.25-106.10, Sept. 98.70-98.60. Sales: 94 lots of 100 tonnes. Barley: Nov. 92.70-92.60, Jan. 96.10-96.00, March 99.95-99.90, May 103.20-103.20, Sept. 95.55-95.55. Sales: 110 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 1 14 per cent Nov. 106.75, Dec. 108.50 transhipment east coast. U.S. Hard Winter 13½ per cent Nov. 106.50 transhipment east coast, first half Dec./first half Jan. 108 direct shipment. EEC unquoted. Maize: U.S./French Nov. 116, Dec. 117 transhipment east coast. S. African White unquoted. S. African Yellow Dec./Jan. 79.25. Barley: English Feed fob Nov. 98.50, Dec. 98.00, Jan/March 102.50 east coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Locational ex-farm spot prices. Feed barley E. Midlands 92.10; N. East 93.10; Scotland 92.60. The UK Monetary Coefficient for the week beginning Monday, November 12 is expected to increase to 1.121.

## RUBBER

The London physical market opened quiet, but ruled erratic throughout the day and closed on an uncertain note. Lewis and Peat reported a Malaysian godown price of 286.5 (287) cents a kg (buyer, December).

| No. 1 R.S.S. | Yesterd'ys Close | Previous Close | Business Done |
|---|---|---|---|
| Dec | 66.00-66.50 | 65.20-65.80 | 66.00 |
| Jan | 67.00-67.50 | 66.80-66.95 | — |
| Jan-Mar | 68.00-68.10 | 67.75-67.80 | 68.00-67.20 |
| Apr-Jne | 69.80-69.90 | 69.55-69.70 | 69.95-69.10 |
| Jly-Sept | 71.95-72.00 | 71.80-71.90 | 72.05-71.40 |
| Oct-Dec | 74.20-74.40 | 74.05-74.10 | — |
| Jan-Mar | 76.60-76.70 | 76.55-76.50 | — |
| Apr-Jne | 78.90-79.00 | 78.65-78.70 | 79.00-78.25 |
| Jly-Sep | 81.15-81.15 | 81.15-81.20 | 81.20-81.10 |

Sales: 268 (310) at 15 tonnes, 1 (8) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.00p (63.50p); Dec. 67.25p (same); Jan. 67.75p (same).

## SOYABEAN MEAL

The London market opened steadier due to weaker sterling, reported T. G. Roddick. The market remained in a narrow trading range ahead of the USDA crop report due out Friday night.

| | Yest'rd'y Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 120.80-21.5 | +0.75 | 121.30-21.00 |
| February | 125.00-25.1 | +0.25 | 125.50-22.60 |
| April | 124.10-24.4 | +0.40 | 124.40-24.20 |
| June | 125.20-25.9 | +0.70 | — |
| August | 126.60-27.5 | +0.05 | — |

Sales: 43 (37) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £160.0 (£155.0) a tonne cif for Nov.-Dec. shipments. White sugar daily price was £185.0 (£181.0).

Keen buying developed at the opening which was sufficient to absorb substantial long liquidation and gains of up to £5.00 from Thursday night levels were recorded. Thereafter prices drifted but rallied later closing around the highs of the day, reported C. Czarnikow.

| Sugar Pref. Comm. Con. | Yester-day's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Dec. | 179.80-79.20 | 178.80-78.75 | 179.80-78.00 |
| March | 185.70-85.75 | 178.10-76.20 | 184.00-76.25 |
| May | 185.40-85.50 | 176.25-76.30 | 185.70-76.15 |
| Aug. | 182.50-82.90 | 176.75-77.00 | 183.00-79.50 |
| Oct. | 182.50-82.55 | 177.50-78.00 | 183.00-79.00 |

Sales: 7,401 (4,788) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £246.50 (£241.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for November 8: Daily price 13.09 (13.17); 15-day average 12.64 (12.80).

LONDON WHITE SUGAR—Close (in order buyer, seller only, all unhilo nil). Feb. 185.00, 191.00; April 196.00, 191.00; July 196.00, 200.00; Sept. 198.00, 202.00; Nov. 198.00, 202.00; Feb. 195.00, 208.00; April 198.00, 210.00.

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 431.5, 432.0, 434.0-431.0, 63; March 453.0, 453.5, 453.0-448.5, 85; May 465.0, 465.5, 466.0-460.0, 84; July 468.5, 469.0, 469.0-466.0, 54; Oct. 471.0, 471.5, 471.5-468.0, 35; Dec. 470.5, 472.0, 469.5-467.0, 39; March 473.0, 474.0, 473.0-471.0, 15; May 471.5, 473.0, nil, nil. Sales 375.

LONDON GREASY WOOL—Close (in order buyer, seller only). Dec. 216.0, 238.0; March/May/July/Oct./Dec./March/May 232.0, 242.0.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 917 tonnes bringing the total for the week so far to 1,957 tonnes against 2,080 tonnes in the previous week. Substantial dealings occurred with the new confidence shown by users. Firm prices resulted in additional supplies being ordered including a fair proportion of North American and African styles.

## MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on November 9. GB Cattle 73.06p per kg.l.w. (−0.46). UK Sheep 127.6p per kg.est.d.c.w. (−6.3). GB Pigs 78.2p per kg.l.w. (+1.2). England and Wales: Cattle numbers up 16.1 per cent average price 72.40p (−0.63). Sheep numbers down 13.2 per cent average price 128.2p (−6.3). Pig numbers up 35.4 per cent average price 76.3p (+1.2). Scotland: Cattle numbers down 20.0 per cent average price 79.44p (+2.71). Sheep numbers up 11.7 per cent average price 122.0p (−5.2).

# AMERICAN MARKETS

NEW YORK, November 9.

GOLD AND silver continued to run into selling pressure on a lack of new developments in Iran which encouraged commission house liquidation and local selling. Copper closed higher on trade and chart buying and commission house short-covering. Sugar was sharply higher and set new contract highs on expectations of lower production levels in 1979-80. Coffee and cocoa strengthened on commission house buying. Grains and the soyabean complex showed moderate gains ahead of the U.S.D.A. crop report. The livestock markets were sharply higher on first cash markets and good demand. Cotton was weak on commission house liquidation ahead of the crop report, Heinold reported.

Potatoes (round whites)—March 730. Potatoes (round whites)—March 73.0 (73.5), April 90.0 (90.5), May 98.2-98.9, Nov. unquoted. Sales: 584.

Tin—Unquoted (unquoted).

CHICAGO, November 9.

Lard—Chicago loose 23.00 (same). New York prime steam 24.50 (same).

Live Cattle—Dec. 60.65-60.77 (59.45-60.70), Jan. 72.42-72.47 (71.25-72.45), Feb. 73.70-73.60, April 74.20-74.15, June 75.00-75.05, Aug. 73.90-73.70, Oct. 72.40, Dec. 73.20. Sales: 25,007.

Live Hogs—Dec. 40.15-40.30 (39.70-40.22), Feb. 42.45-42.30 (42.00-42.37), April 40.60-40.35, June 43.65-43.60, July 44.50-44.60, Aug. 43.40, Oct. 42.70, Dec. 43.55, Feb. 45.10. Sales: 5,860.

‡‡Maize—Dec. 262¼-262 (261½), March 278½-278¼ (278¾), May 289½-290, July 295½-296, Sept. 299½-299, Dec. 302.

Pork Bellies—Feb. 52.27 (50.27-52.27), March 52.65 (50.65-52.65), May 53.42, July 54.60, Aug. 53.50. Sales: 6,558.

Silver—Nov. 1627.0 (1642.5), Dec. 1642.0-1610.0 (1658.5), Feb. 1684.0, April 1708.0, June 1734.0, Aug. 1757.0, Oct. 1781.0, Dec. 1805.0, Feb. 1829.0, April 1853.0, June 1877.0, Aug. 1901.0, Oct. 1925.0, Dec. 1949.0, Feb. 1973.0, April 1997.0, June 2021.0, Aug. 2045.0.

‡Soyabeans—Nov. 651½-650¾ (648¼), Jan. 671-670½ (669½), March 695-694, May 713-712½, July 728¼-729, Aug. 735, Sept. 737, Nov. 743½-744.

‖Soyabean Meal—Dec. 184.80-185.00 (183.80), Jan. 186.70-186.80 (185.90), March 189.90-190.00, May 192.50-192.80, July 197.00, Aug. 199.00-199.50, Sept. 201.30, Oct. 202.50-203.00, Dec. 205.00-205.50.

Soyabean Oil—Dec. 26.20-26.15 (26.07), Jan. 25.85-25.00 (25.93), March 25.60-25.56, May 25.60-25.55, July 25.70, Aug. 25.65-25.70, Sept. 25.50-25.70, Oct. 25.70-25.60, Dec. 25.85-85.90, Jan. 25.85.

‡Wheat—Dec. 422½-423 (420¾), March 441½-442¼ (440¾), May 445½-445, July 438-439, Sept. 449½, Dec. 462.

WINNIPEG, November 9. §Barley—Dec. 116.10-116.30 (117.70), March 15.20 (115.70), May 114.20, July 113.20, Oct. 112.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 245.81 (245.01).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

## INDICES

### FINANCIAL TIMES

| Nov. 8 | Nov. 7 | M'nth ago | Year ago |
|---|---|---|---|
| 293.52 | 292.22 | 298.85 | 264.24 |

(Base: July 1, 1952=100)

### MOODY'S

| Nov. 8 | Nov. 7 | M'nth ago | Year ago |
|---|---|---|---|
| 1150.1 | 1137.7 | 1165.0 | 979.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Nov. 8 | Nov. 7 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 402.68 | 406.80 | 415.04 | 393.38 |
| F'tur's | 409.51 | 407.88 | 417.70 | 388.42 |

(Average 1924-25-26=100)

### REUTERS

| Nov. 9 | Nov. 8 | M'nth ago | Year ago |
|---|---|---|---|
| 1690.1 | 1685.2 | 1647.8 | 1518.7 |

(Base: September 18, 1931=100)

# BOOKS

## Scott's deadly rival

BY C. P. SNOW

Scott and Amundsen by Roland Huntford. Hodder & Stoughton, £13.95. 665 pages

At the beginning of this century, Polar exploration touched a popular nerve more than trips to the moon in our time have ever done. Names of the explorers were household words, while the lunar travellers seem to have been lost in the anonymity of modern technology. The Polar explorers themselves were social lions. The race for the South Pole became a matter of national pride and glory.

It was here that the British behaved badly, or at any rate with extravagant self-deception. First of all, we denied that there was a race. No one really wanted to get to the Pole, we said, it was just a nice spare time thing to do, a kind of holiday from scientific research which was what we were interested in. One can check the truth or falsity of that assertion from the evidence in Roland Huntford's book, by far the best documented of its kind. Secondly, we suggested, if there was a race, it would be more proper if the British were the only competitors. We had persuaded ourselves that we had a prescriptive right to the South Pole.

This attitude still seems somewhat odd. At the time it seemed odd to the Norwegians, far more experienced in Polar travel than any of their British counterparts. However, the British were politically powerful in the early nineteen hundreds and the Norwegians weren't. Amundsen, who was a protégé of the illustrious Nansen, had a single-minded, an abnormally single-minded, determination to win the South Pole, but he thought it necessary to conceal his plans. He wasn't especially scrupulous about the way he did so.

All this would seem a permissible tactic today. In 1910 the British were outraged. They were even more outraged when Amundsen, with consummate skill, duly reached the Pole before Scott's party and brought his men back intact and unharmed.

We behaved with singular lack of generosity, and to this day Amundsen hasn't received the total credit due to one of the most remarkable feats in the history of pre-mechanical exploration.

Roland Huntford's book is, first and foremost, a full-scale attempt to set the record straight. Huntford was for years stationed as the Observer correspondent in Scandinavia, has complete facility in Norwegian, and appears to be the only person of any nationality who has made a systematic search through the private papers of Amundsen and his colleagues. Huntford's account will remain the prime authority, so far as Amundsen is concerned. It is an honourable British amend, and needed writing.

It is probable that Huntford over-compensates a bit. He demonstrates beyond doubt that Amundsen was brave—all the Polar explorers were brave to a high degree, the British as much as any—and above all technically competent and imaginative. He was a master of detail. If a cricket analogy is allowed, he reminds one somewhat of Geoffrey Boycott, using the resources of high professional art to eliminate any foreseeable risk. Not that there weren't risks. Amundsen's own story makes the Polar trip sound much easier and more uneventful than it actually was. In fact, he was not only supremely resourceful, he was at the same time lucky. Nevertheless, commonplace justice will have to place him as the greatest Polar explorer before the machines took over.

However, Huntford, though he doesn't suppress any facts, plays down the negative features of his hero. There is a horns-and-halo aspect about the book. This is entirely forgivable when Huntford is dealing with the halo. We may notice in passing that Amundsen had an obsessive ruthlessness that belongs to his kind of man of action (compare Montgomery). His feint in going south was a reasonable ruse de guerre, as Captain Oates, by far the most rational of Scott's party, honestly recognised. But Oates and Shackleton were the only Englishmen to give Amundsen unqualified praise.

Amundsen was perhaps more seriously unscrupulous in his financial dealings—or at least Norwegian tradesmen must have thought so, gazing at worthless promissory notes. Nothing counted with Amundsen except getting to the Pole. Once he was at sea, he was safe from creditors. Again, one can't help thinking that his treatment of his second in command, Johansen, would have received sterner treatment from Huntford, if anything as harsh had been performed by Scott.

Scott occupies the horns side of Huntford's book. He is given almost no virtues at all, except extreme courage, unusual physical stamina, and literary skill of a romantic and misleading quality. One does feel in need of a cooler-headed judgment. At this distance, it would be generally admitted that Scott's expedition was badly mismanaged. Obviously, Scott had nothing like Amundsen's command of detail. Still, he was far from stupid, which Huntford occasionally suggests. Scott had deep and sometimes contradictory intuitions, which made him such a good writer, and both he and his wife were far more substantial personalities than Huntford allows. Each was struggling with a temperament not easy to handle.

Further, Scott was loaded with a massive complacency, characteristic of his society at that time. We could have learnt from the Norwegians. There was plenty of practical experience there. They knew about high latitude, sub-zero travel. Dogs and skis were the answer. The British took no notice. Pulling the sledges by manpower was the good old British way. Why that seemed so specially British is something of a mystery, but it became a moral tradition. Bowers, the simplest, most enduring, most unselfish of Scott's party, accepted it as an article of faith. It took him to his death, and others with him. They were heroic deaths, but quite unnecessary.

None of the British had thought seriously about diet, and for that there was even less excuse. Without the benefit of experimental science, Captain Cook 150 years back had treated scurvy as a deficiency disease. Amundsen did the same, and fed his party at the base with undercooked seal covered with whortle berries. It sounds horrible, but it worked. All his colleagues came back from the Pole in robust health. Most of Scott's Polar and support parties were worn down by scurvy.

There were also some operational misjudgments to be put against Scott. Scientists who were part of the expedition used to say that it was a fatal mistake to decide, at the last moment, to take five men to the Pole. All the logistics had been based on a four man party. It would have provided against emergencies in supply to take only three. The scientific opinion was pretty firm that

Captain Scott and Roald Amundsen: fresh light on their race to reach the Pole is shed by the book reviewed today

Bowers plus Lashly and Crean, the hardiest of the naval ratings, would have got there and back comfortably enough, dogs or no dogs. Similar opinion also judged that it was a liability to have the expedition under naval command: or, if that had to be, it should have been entirely naval. In the expedition as it actually was composed, no one would argue with a naval captain. Independent souls like Oates (cavalry officer and country gentleman) and Meares (probably in British Intelligence), just absented themselves and kept glumly quiet.

To give some support to Huntford's inexorable writing down, Scott doesn't appear to have been much liked. In his letters, Oates made this only too clear. It was the same with Meares and others. That is true. The evidence is cumulative. But, as a mildly dissenting view, I should suggest that none of these men were used to characters as complex, sophisticated, and deep-natured as Scott's. That was probably a disqualification for this particular job of leadership. But it is easy to imagine him, if he had survived, becoming an admiral and something of a figure in literary London. He would have been better understood in his wife's circles than he was in a game where he had to prevail by sheer force of will.

Yet, if he hadn't died on that journey, he wouldn't have become a legend, even a flawed legend. He was so much a romantic that that may have been a fitting fate.

Fiction

## Death of a gospel-singer

BY MARTIN SEYMOUR-SMITH

Just Above My Head by James Baldwin. Michael Joseph, £6.95. 597 pages

In a Strange Land by Stanley Middleton. Hutchinson, £5.95. 263 pages

My Uncle Oswald by Roald Dahl. Michael Joseph, £5.50. 221 pages

The Ghost Writer by Philip Roth. Cape, £4.95. 180 pages

The Mangan Inheritance by Brian Moore. Cape, £5.50. 336 pages

The Eldorado Network by Derek Robinson. Hamish Hamilton, £6.50. 409 pages

The obviously mellowed James Baldwin took four years and much sweat to grind out this self-consciously "major" novel; it obviously possesses true quality. But it immediately prompts two questions. Is this new Baldwin in any way superior, as an imaginative writer, to the author of *Go Tell It On the Mountain* and *Giovanni's Room*? And: Is it a truly major novel? Baldwin has matured as a thinker; but has this done his art any good, as certainly it deserves to?

The story centres on a famous gospel-singer, Arthur Montana; it begins with his death in the basement of a London pub, at the age of 39, in the present time. The narrator is his brother and manager, Hall Montana, who was always aware of his "greatness"—and of his vulnerability. The third main character is Julia, who begins as a 14-year-old evangelist back in the 1960s, the era of Southern violence.

*Just Above My Head* ties together themes that have been persistent in Baldwin's fiction: the Civil Rights Movement, homosexuality (Jimmy, Julia's brother, is Arthur's lover till death), violent religiosity, and, perhaps above all, the insistently relentless intrusion of the past into the present.

This is surely Baldwin's most powerful novel for some 15 years. Parts of it, such as the evangelistic sermons and the descriptions of the Southern riots, and of Arthur's innocent and virtuous feelings, are as memorable as anything he has done. But as a whole it is a little too contrived. The lyricism comes in spurts, and is sometimes laboured. The freshness of *Giovanni's Room* has been lost: replaced by a calmness that is intellectually admirable but artistically somewhat lacking in impact. It seems as though Baldwin has paid a heavy price not only for his early anger but also, less fairly, for his attempts to come to terms with himself. Or is *Just Above My Head* simply too long? I suspect that a shorter and less self-consciously complex novel would see a return to a more consistent power. Meanwhile, *Just Above My Head* is deeply interesting and, in certain parts, incomparable.

Stanley Middleton is Great Britain's most reliable good novelist, and is far superior to most of the more showy writers who attract more attention. *In a Strange Land* begins dramatically: a promising young musician discovers a corpse in a pond in the woods, a suicide. The suicide note reverberates throughout the novel. The dead man is a relative of the young composer's girl. This novel of Stanley Middleton's, his 19th, is not one of his best; but it is full of deeply felt, finely observed, good things, and in no way unworthy of his most original genius, for which we should be more grateful than we are.

*My Uncle Oswald* is Roald Dahl's first novel. It consists of a substantial extract from Uncle Oswald's diaries—glimpsed before in two short stories, "The Visitor" and "Bitch". *My Uncle Oswald* is a cross between sick humour, comedy, whimsicality and outrageousness—and does not have the entertainment value of a first-class Dahl story. Here the author is coming dangerously close to less professional, more literary, models: Firbank, Waugh, Rolfe. It is amusing, but because it is a whole book rather than a collection of short stories it seems to lack real point.

Philip Roth's *The Ghost Writer* is a sad, knowing fable about a Jewish writer's search for a spiritual father—and about the painful consequences of his separating himself from his family. The portrait of the father-figure, an aphorist in certain ways not unlike the Paris-based Rumanian E. M. Cioran (who writes in French), is brilliant, touching and wise. The writing is occasionally a little irritatingly over-professional; but as a whole this is Roth's most telling book since *Portnoy's Complaint*.

James Baldwin—a new drawing by Judith de Beer

In *The Mangan Inheritance* Brian Moore, a skilled novelist, does a thoroughly professional job; but it leaves one a little uneasy when one remembers *The Luck of Ginger Coffey* and *Judith Hearne*. This is more of an intelligent and well-made book than a deeply felt one. James Mangan, once a young poet who married an actress and drowned his own individuality in her stardom, suddenly finds himself rich: his wife, having left him, died soon after and made him her heir. He finds he is descended from the real-life Irish poet and drunkard J. C. Mangan, and goes to Ireland to trace his ancestry. He becomes deeply involved with his family in the rural environment of Ireland, which is in strange contrast to the urban one of New York (the author knows both well). A thoroughly readable novel, but not one that leaves a strong impression.

*The Eldorado Network* is a superior spy-thriller based on the exploits of a young Spaniard who, refused by the British as a spy in 1941, turns to the Nazis—but none the less determines to serve Britain. It is amusing, authentic and lacks the ponderous manner of John Le Carré and his imitators—I prefer it, and think many other readers will, too.

## Unhappy country

BY MARTIN DICKSON

The Past is Another Country: Rhodesia 1890-1979 by Martin Meredith. André Deutsch. £9.95, 383 pages

Whatever the final outcome of the Lancaster House conference on Rhodesia, it has already made far more progress towards a comprehensive settlement than most analysts believed possible when it began nine weeks ago.

This general air of pessimism was based on the history of Rhodesian settlement efforts over the past 20 years, during which time three factors had remained depressingly constant: the whites had yielded too little too late, the blacks had been bitterly divided among themselves and Britain had stood on the sidelines impotently wringing its hands, desperately wanting to be rid of the problem but powerless to influence events inside the country.

These three themes recur constantly in Martin Meredith's well-timed but misleadingly titled book. This is not a history of Rhodesia from 1890, since the first 70 years of the country's life are described in a mere 10 pages. Rather, it is a chronological narrative of the search for a settlement during the past two decades.

The problem of this kind of narrative form is that the minutiae of events, the stuff of daily newspaper headlines, assume an importance in their own right rather than as part of an overall pattern; chronological description replaces analysis.

Regrettably, it is a problem which Mr. Meredith has not solved. While his book gives a detailed account of the flow of events in Rhodesia, it does not probe sufficiently behind the daily headlines into the background which underpinned those events.

Some of his more interesting insights are presented as little more than throwaway lines amid the constant march of events. For example, he asserts that during the early 1960s "Nkomo's weak and vacillating leadership . . . proved disastrous for the nationalist movement." But this stimulating idea is left hanging tantalisingly in the air, with little advanced to back it up.

That said, the book is likely to prove useful to newcomers to Rhodesian affairs. It gives the most up-to-date account of how events have unfolded in that unhappy country over the past 20 years, even though it provides an insufficient answer to the question why.

## Lili's lover

By REX WINSBURY

I Love by Anne and Samuel Charters. André Deutsch. £8.95. 388 pages

Stalin by Ian Grey. Weidenfeld, Nicolson, £12.50. 547 pages

Whatever else drove Mayakovsky to suicide, and however many others Stalin drove to suicide, it was not Stalin's fault that the Russian poet, the most famous of his generation, shot himself in April 1930. Nor was it Lili Brik's fault, if one is to believe this attractively told and attractively produced account of the extraordinary triangular physical and intellectual love affair between poet, Lili and her husband Osip.

The affair with Lili, celebrated in so many of Mayakovsky's poems, was over well before then: and hard on the heels of Lenin's own public praise of Mayakovsky, Stalin and his cronies had attended a reading by Mayakovsky. After his suicide, Stalin not only personally sanctioned a proper collection of his works (thereby for the second time giving him official recognition) but also saved Lili from almost certain death by crossing her name off the list of people to be deported to the camps, when her current lover, a Soviet General, was shot in the 1937 purge of the officer corps.

None of this makes *Lili Brik* into an especially remarkable person in her own right—she dabbled in ballet, sculpture, films, but apart from the good looks, intelligence and wilfulness that attracted men to her she never did anything creative, unlike her sister, the novelist Elsa Triolet. Nor does it make Stalin into the benevolent despot that Ian Grey, in an otherwise substantial book, would have us accept.

His is what might ironically be called a revisionist view of Stalin, as the Peter the Great of our age, a man who had to break some eggs to make omelettes, a man of common sense among the quarrelsome and vindictive intellectuals of the 1920s, unfairly denigrated by Lenin, steering Russia with messianic determination through much-needed industrialisation and a terrible world war, to die (despite excesses) mourned by his people. 'Man of History' is the book's subtitle, and that tells it all.

But does it? The monster-in-human-guise theory does not work for Stalin any more than it does for Hitler. Some swing in the balance of opinion (inside the Soviet Union and outside it) seems inevitable. But the ends do not justify the ghastly means. Stalin physically exterminated a whole generation of the Russian cultural, intellectual and military elite, not to mention the carnage in the countryside caused by the drive to collectivisation.

It is one of the great virtues of books like *I Love* that they help to rescue from enforced oblivion the lives and longings of that lost generation. For every Mayakovsky there was a Mandelstam (and many more) sent to certain death. Lili Brik lived until last year, and the authors recorded extensive interviews with her before she died. Despite an uncertain grasp of the Russian language in places, they have recreated with skill Mayakovsky's moody passion for a woman who remained elusive to him, to her husband Osip, and to her other lovers: and who eluded Stalin as well.

## Inside the Circus among moles

BY GEORGE MALCOLM THOMSON

The Climate of Treason by Andrew Boyle. Hutchinson. £8.95. 504 pages

The most appalling feature of the Burgess-Maclean-Philby affair was not the treason of these three Marxist creeps but the wall of silence, protection and, therefore, connivance which was thrown up round the trio by scores, perhaps hundreds, of people who knew something and suspected more but who did nothing.

Reading Andrew Boyle, it is possible to discern at least three different layers of sound-proofing. (1) The Marxist dons at Cambridge who were either themselves recruiters for the Russian spy service, or who knew about the activities of the recruiters. (2) The homosexual ring, whether in the Foreign Service or outside it, who knew what Guy Burgess was doing and must have guessed why he was doing it. (3) Ordinary persons, friends of one or other of the guilty men, who obeyed the good old rule, "You don't split on a pal."

This especially applied to the men in Whitehall who acted on the principle that, once you were admitted to the member's enclosure of the bureaucracy (even if you had not been "vetted"), you were above suspicion.

Boyle's painful and alarming book, the outcome of much careful research, may be said to begin with a picture of pre-war Cambridge at the time when Maxim Litvinov had persuaded the Comintern that the university was an ideal forcing ground for Communist agents. It was a time when Marxism was becoming fashionable, when the Apostles were, to Keynes's distress, turning from the pursuit of Love and Beauty to the austerer quest of the Communist ideal.

The talent spotters, Russian or English (Boyle gives names), went out on the prowl: the inflow was gratifying, young men of impeccable background who would lie low for years if need be and would, in the end, bring in a rich harvest. If some of them were bound to one another by ties closer than mere political allegiance, so much the better. As Guy Burgess remarked to his friend, Lord Driberg, "To be a Communist agent, it is not necessary to be homosexual. But it helps."

Burgess ran what seems to have been a kind of male brothel in a flat in Bentinck Street. The sheer outrageousness of Burgess's behaviour may account for his long freedom from detection. It was hard to believe that Russian Intelligence could make use of such a dissolute clown.

On one occasion, Burgess, visiting a Chinese restaurant in the East End with friends, quite openly put an envelope in the letter box at a seedy seaman's outfitters. Later, his friends discovered that the shop was a Russian letter "drop."

When Maclean was hesitating whether he should go to Washington and the Russians were eager he should go, Burgess helped by staging an orgy at Bentinck Street and photographing Maclean in embarrassing circumstances. Burgess used to recite E. M. Forster's saying, "If I had to choose between betraying my country and betraying my friend, I hope I should have the guts to betray my country." Burgess betrayed both.

Maclean was a weaker character, with vestiges of a Presbyterian conscience to make a career of vice more difficult until drink came to his aid. Philby, untroubled by conscience, betrayed his country and cuckolded Maclean. Among them, the three gave their patrons some minor victories (e.g. the murder of British agents) and some more important ones (nuclear secrets), besides striking a blow at British prestige comparable with the Suez disaster.

Boyle tells the sorry, amazing story with a verve, and wealth of fresh detail that make it compelling reading. He is particularly fascinating on the Fourth and Fifth Men, although, alas, he does not give their names. Their code names are "Maurice" and "Basil." "Maurice" was a Communist, homosexual don at Cambridge who spotted the talents of Burgess and Maclean. "Basil" was a nuclear physicist who advised Maclean which American nuclear documents were worth passing on to the Russians.

The dénouement went roughly like this: a CIA agent named James J. Angleton, was told in London that "Basil" was one of two British nuclear scientists who were Russian agents. (The other was Nunn May.) He confronted "Basil" and "turned" him so that "Basil" became a valuable double agent, passing to Maclean material which had been monitored by the Americans.

"Maurice," by this time an eminent public figure, confessed, two years after Burgess and Maclean reached Moscow. Both he and "Basil" were pardoned by the British. Whether this clemency was necessary or wise is a matter of opinion. Might it not leave the ugly suspicion that the dirt was being brushed under the carpet? If "Maurice" were tried, says Boyle, the Royal Family might be embroiled in controversy. The danger seems remote.

The slowness and clumsiness of the whole security operation leaves one aghast. It would not have required much vigilance to discover that Maclean was taking home secret documents every night and photographing them in such numbers that he had to borrow the local chemist's dark room for the work. Philby was doing much the same.

It is incredible that a watch was not kept on these men's homes.

When, at last, Maclean was identified by British cryptoanalysts as the traitorous British diplomat whom the Russians called "Homer," "Maurice," the eminent and still unconfessed, passed a warning to Burgess who went to tell Maclean he was about to be interrogated....

On an impulse, Burgess accompanied Maclean to France, which was something the Russians had not bargained for. They decided it would be best if both men went on to Moscow. Philby was left to face the music alone and unprepared. He proved himself well able to do so.

Leaving aside the case of Burgess who, although brilliant, was clearly a moral degenerate, why did highly intelligent men like Maclean and Philby take up the mean and nasty profession of treason? Because they were disgusted with the capitalist system, convinced by the gloomy rhetoric of Karl Marx, distressed by the decline of the British Empire? No.

There is a type of man who, although he is a good bridge player, prefers to win by cheating, although he is well-off, like to travel on the railway without a ticket. The risk of discovery, the thrill of danger and the hope of defeating the respectable, conformist world—to a certain kind of arrogant intellectual, that makes a powerful appeal.

One question remains. At the end, one asks: Does this sort of thing go on today? If so, in what sections of the national life?

## Family's life

BY LUCINDA WETHERALL

A Scrap Screen by Alice Buchan. Hamish Hamilton, price £7.95. 176 pages

Alice Buchan's delightful volume of reminiscences gives a nostalgic picture of her own family and their acquaintances from the late 18th century until the present day. We are introduced only briefly to John Buchan, her father, already subject of a full biography. Her book is drawn from a collection of borrowed letters and diary extracts and it is written with genuine feeling and respect for her forebears. She finds good nature to be common to all her ancestors and although some of them did not achieve great fame, she recognises that the less eminent of them played their part in helping to shape the world for future generations.

The author's research work obviously became an absorbing passion—her book is accurate and informative.

## Crimes in short

BY WILLIAM WEAVER

Kill Claudio by P. M. Hubbard. Macmillan, £4.95. 192 pages

There is a kind of abstraction about P. M. Hubbard's stories. The reader is told as little as possible about the characters: only what is absolutely necessary to an understanding of them, their motives, their actions. But then, often, the characters themselves seem to have pared their lives down to the bone, stripping away superfluities.

Thus Selby, protagonist of *Kill Claudio*, lives in a single, sparsely furnished room, works at an anonymous job, has no friends, no family, not even a dog or a cat. And, when it comes time for his annual holiday, he rents an isolated cottage through an agency and goes there, alone, aimless, satisfied.

But Selby has a past, and it catches up with him, drags him forcibly back into the world of relationships and responsibilities. It is logical, inevitable that he kill someone—a man who comes to call Claudio, referring to *Much Ado About Nothing* (Selby's only admitted passion is for Shakespeare)—but that someone also means to kill him. So the novel is a reciprocal pursuit and evasion, conducted with Hubbard's usual consummate and laconic skill.

Though the author wastes no words, he allows himself from time to time the luxury of a cogent observation, even a brief cameo character, like the woman who appears only for a moment—behind the Enquiries desk of a London terminus: "She was the type that reaches its peak in the successful barmaid or receptionist, not young, but still very conscious of her sex, and still deriving a sort of steady, placid satisfaction from even strictly professional dealings with men. There were no women in her queue. [. . .] I suspect that no woman ever really trusts another woman to deal with her patiently, or even give her the right answers. It is a handicap all professional women must have to contend with, especially the doctors and the politicians."

The chase reaches its climax on a channel island, where Hubbard's love of nature and of the sea allows him to make the setting virtually a character in the gripping conclusion. This quiet author makes a shattering impact.

Champagne Blues by Nan and Ivan Lyons. Cape. £4.95, 304 pages

A worthy successor to *Someone is Killing the Great Chefs of Europe* (made into the film *Too Many Chefs*). In fact, this sequel may be superior to its predecessor: the prose is less obtrusive and the invention wider-ranging, not so repetitive. The Lyonses now give us two marvellous American couples, one the authors of a millionaire's guide to Europe, the other responsible for a hair-raising manual for "doing" the continent without spending anything (or, presumably, enjoying anything). They match wits and witticisms first in a very, very grand Paris hotel, then in less happy circumstances. It's all in fun, and should make even the Fieldings smile. No points awarded for the revolting cover picture (moreover the bottle of champagne looks non-vintage).

The Bayou Road by M. G. Eberhart. Collins, £4.25. 280 pages

Not so much a murder story as a costume romance. New Orleans, 1863. Marcy Chastain, loyal Confederate, loves an equally loyal and noble Yankee. Her widowed, wicked sister-in-law is one problem, and there are plenty of others. From the city, at a threat of epidemic, they move up the Bayou road to the old plantation. Of course, it all reminds you of Tara and Scarlett and *Melanie* and Rhett, but Mrs. Eberhart knows how to make an old story fresh and how to maintain interest.

# TRAVEL

## Seeking winter warmth

BY ARTHUR SANDLES

THERE ARE times when I begin to believe all those stories about the new ice age. The past few days have been a chilly reminder that Christmas is a-coming, and enough mornings have been crisp to drive anyone into thoughts that the day of the great snow is rapidly approaching.

Dreams of escape to warmer climes are simple enough—my mind can quickly conjure up fantasies of long white beaches, bending palm trees and compliant tanned local lovelies. But realisation of the dream can be more difficult. Money is rather more of an obstacle than most exotic advertising would have us think, and most certain winter sunshine, for the northern European at least, is a long haul even by today's fast moving jets. Choosing a winter sunshine holiday is therefore something that requires more thought than usual.

The choice is a question of working out a cautious balance between an absolute guarantee of sunshine, the cost of obtaining that guarantee, and the time and trouble it is going to take to reach the promised sunshine land.

In terms of time and money, the nearest places for reasonable winter weather are the southernmost tips of Europe and the Mediterranean islands. Some 2½-3 hours' flying will get you to the Algarve in southern Portugal, to the Costa del Sol, to Malta and to the Balearics. An extra hour or so will put you into the Greek islands and Cyprus. In all these places, however, you are likely to find winter conditions which are pleasant, rather like a British spring, but not rich in scorching sunshine. There is a chance too that you will hit a bad weather week.

But, if you do not necessarily want heat and a fine tan to show off when you get back home, then most of these European destinations are worth examination. My own favourite is the Algarve, but it can be almost too quiet in the off season. Nonetheless it is superb if what you want is a relaxed, inexpensive rest away from the hustle and bustle of work and particularly if your idea of relaxation includes either golf or riding—if both then you will be in heaven. Majorca too is worth considering. Palma is one of the Mediterranean's most underestimated resort towns and, free of its summer throngs, has a particularly enjoyable appeal.

For greater certainty about fine weather then we have to look further afield. The Atlantic islands are a fairly good bet, as are Israel (try the relatively new coastal resort of Eilat) and Egypt.

However, for any real assurance of long hot days and balmy evenings when the main exercise is stretching out an arm for a rum punch, the traveller has got to be ready for a flight of perhaps 10 hours or more. Florida, the Caribbean islands, the Seychelles and the Far East are all now on the package tour circuit—something not to be despised now that the difference between scheduled fares and tour prices is so large. With the pound still relatively strong against the American dollar, even in spite of its late summer fall, the south-eastern U.S. and the Caribbean are attractive, as is Mexico.

Once you have decided on a price range, the question of which destination to choose is very much one of taste. For simple sunshine I think it is hard to beat the out-islands of the Bahamas or, if you are keen on the new discoveries in the travel world, Anguilla.

Anguilla is a serene little oasis of sunny calm which has only recently begun to take a serious attitude towards tourism. Accommodation is limited and you won't find much in the way of sophisticated night life and haute cuisine restaurants. For that sort of thing you will have to look to nearby St. Martin. Instead you will find a relaxed atmosphere and relatively few fellow visitors.

The fisherman's beach, Albufeira, Portugal

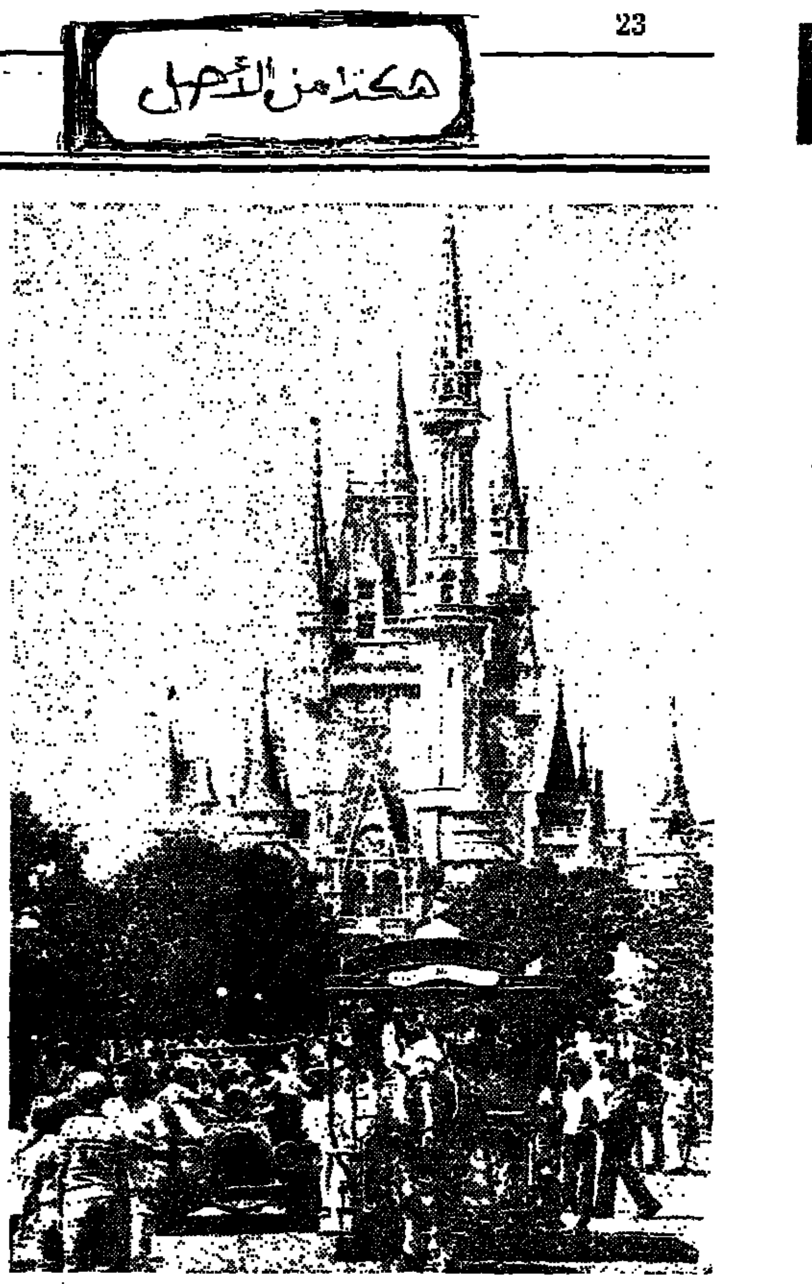
Personally I admit to some regret at not being a beach person, tending to grow restless at the prospect of just sitting around until the next meal looms in prospect. Places are more interesting than sand.

For such reasons the Far East is always a region of compelling appeal and, in the case of one particular area, there is an added dimension. I know of no country that rivals Thailand for having such delightfully welcoming inhabitants, and who mix that hospitality with apparent efficiency and understanding of western haste. Bangkok may be a confusing mixture of charm and the most appalling traffic conditions in the world, but its people seem almost uniformly nice. I would not recommend a long stay in Bangkok, a couple of days is enough, but I would suggest a plunge into Thailand's fascinating interior or coastal areas. It is a country not to be missed.

Singapore is another pleasant relaxing stopover, even if in this case the beaches are not the sort that is going to attract other than the local trade. Instead you head for Singapore for the shopping and the food, a wonderful combination of Chinese, Malay, Indian and pretty well everything else that you can imagine. Hong Kong is much further north and can in fact get quite chilly in the winter, but once again the attractions of the shopping and the food may be too great to resist.

If you believe that we are now living through the golden age of relatively low air fares, and that economic circumstances combined with rising fuel costs could send fares soaring again over the next couple of years then you can only come to the conclusion that this is the time to see those distant places before they become inaccessible. Certainly with the price war raging in air fares at the moment, it is a view which has a certain appeal.

**Addresses:** Portuguese National Tourist Office, 1, New Bond Street, London, W1. Tourist Organisation of Thailand, 9, Stafford Street, London, W1. Turnbull Gibson, Matheson House, 142 Minories, London EC3N 1QL. Thomas Cook, Berkeley Street, London W1. Thai Airways, 41, Albemarle Street, London W1.



Disney World, Florida

## Coasting to Norway

BY PAUL MARTIN

FROM THE early years of this century, England has had year-round sea connections with the Norwegian ports, operated mainly from Newcastle.

*The Bergen Line* served the west coast with Fred. Olsen ships calling in at Kristiansand and Oslo. There were some later variations when, several years ago, the two merged to form Fred. Olsen-Bergen Line.

When I sailed over to Bergen and Stavanger in brilliant autumn weather last year, I did not expect that it would be my last such winter voyage. The services have been axed, victims of an increasing range of air services and because fares would have had to rise to a level where the popular mini-cruises would have priced themselves out of the market.

So, with no North Sea sailings, the emphasis has been switched to the coastal steamers. Leaving Bergen at 11 pm every night of the year, they still form the essential link for commuters and holidaymakers on the journey along that spectacular coastline to within only a short distance of the Russian frontier at Kirkenes in the far north.

The brochure is certainly honest and does not claim that the accommodation is luxurious, although a small number of double cabins with private facilities are available. It also points out that, while prices seem extremely reasonable in winter, you can expect no daylight hours in December and January once you reach Tromso, far beyond the Arctic Circle and the base from which many polar explorations have set forth. In contrast, early March gives you nearly 10 hours of daylight.

This is essentially a leisurely sea journey calling in at countless little ports and, on both packages, you can go ashore at will and do some sightseeing in the old city of Trondheim.

For those with just over a week to spare, the round trip to Harstad, north of the Lofoten Islands, takes just about that time with seven nights spent on the coastal vessel and a night in Bergen on the return journey.

As the time spent in Bergen varies according to departure dates, the company arranges overnight accommodation as a supplement.

The inclusive cost, applicable until March 31 next year for the Harstad round voyage, starts at £213, covering return scheduled air flights to Bergen and accommodation and full board on the coastal steamer. The complete trip to Kirkenes and back costs from £297 during the same period, rising to £327 in April.

When it comes to spectacular scenery, Norway is the accepted winner in the Scandinavian stakes. But the more conventional mini-cruises or mini-trips to Denmark and Sweden are worth considering. The system varies, however, depending on which carrier you choose and where you plan to spend a few hours ashore.

DFDS Seaways, with daily sailings from Harwich and Esbjerg on Dana Anglia and Dana Regina, offer mini-trips on these splendid ships which fall more into the category of floating hotels than short-haul car ferries.

*After a late afternoon sailing* from Harwich and spending the night on board, you tie up in Esbjerg at lunchtime the following day and, after some five hours ashore, return on the same ship.

The inclusive ex-Harwich cost is £20 per person for mid-week ends, rising to £25 and 30 if you include the return train journey from London to Harwich. These prices include the return passage with accommodation in a four-berth cabin but meals on board, either in the restaurant or the cafeteria, are excluded.

There is also a proviso that there must be a minimum number of six in the party, but DFDS point out that travel agents are often prepared to make up their own groups.

Tor Line, operating its 15,000-ton mini-liners from Felixstowe to Gothenburg, also offers a series of Mini-Tours on two-night holidays with berths in an economy cabin and the stipulation that two people must travel together. Available from now until April 20, 1980, the quoted price of £30 until February 28 rises to £35 after that date and, once again, meals on board are not included.

This is a true weekend away. You leave Felixstowe at lunchtime on a Friday for the 24-hour crossing to Gothenburg on Sweden's west coast.

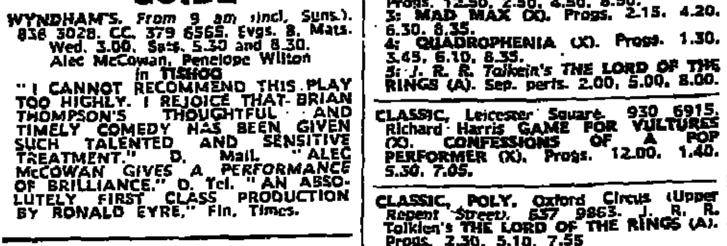
A sightseeing excursion of the city is included with time to either do some shopping or your own personal exploration before sailing back on Saturday afternoon and eventually returning to Felixstowe at tea time on Sunday.

The ships provide every kind of creature comfort with saunas, a casino and a nightclub on board and, when it comes to the inner man, the dazzling display of goodies which go to make up a Swedish cold table.

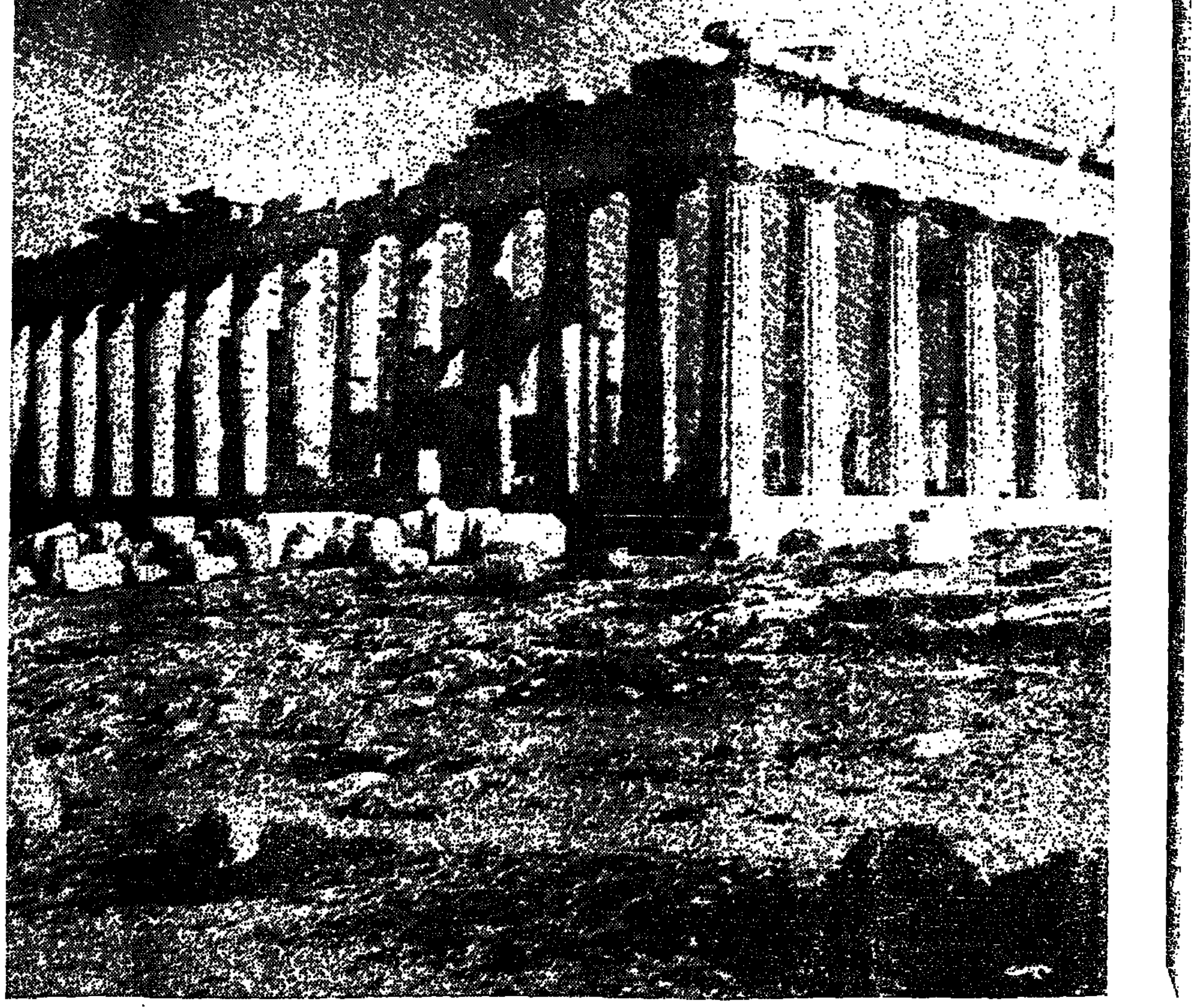
Even on the longer Norwegian coastal voyages, you must count on spending most of your time at sea and, if you are not sure that this fits in with your own holiday life style, the short trips provide an attractive and inexpensive way of trying out your sea legs.

Addresses: DFDS. Danish Seaways. Mariner House, Pepys Street, London EC3N 4BX. Fred. Olsen-Bergen Line, 229 Regent Street, London W1R 8AP. Tor Line Limited, Anzami House, Trinity Avenue, Felixstowe, Suffolk.









# Stock Exchange dealings

| | |
|---|---|
| Thursday, November 8 | 17,911 |
| Wednesday, November 7 | 18,421 |
| Tuesday, November 6 | 19,546 |
| Monday, November 5 | 19,929 |
| Friday, November 2 | 18,784 |
| Thursday, November 1 | 16,533 |

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days; these are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. ▲ Bargains done with or between non-members. ⊕ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (608)

SHORT DATED BONDS FREE OF STAMP DUTY

PUBLIC BOARDS (10) FREE OF STAMP DUTY

COMMONWEALTH GOVTS. (5) REGISTERED AND INSCRIBED STOCKS

FOREIGN STOCKS (2) COUPONS PAYABLE IN LONDON

FOREIGN CORPS. (2)

BANKS (142)

BREWERIES (100)

CORPORATIONS (35) FREE OF STAMP DUTY

COMMERCIAL (2,122)

A—B

Caledonian Asscd. Cinemas (25p) 775 (6/11)
Camford Engng. (10p) 58 (6/11)
Campari Internl. (20p) 100

Galliford Brindley (5p) 67 (6/11)
Garnar Scotblair (25p) 93 (6/11)
Gartons (10p) 15 (2/11)
Gaskell (Bacup) (20p) 51⊕
Gates (Frank G.) (25p) 38

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

Ward White Grp. (25p) 75⊕ 4 6
Wardle (Bernard) 27
Waring and Gillow (Hldgs.) (25p) 130⊕ 10
Warner Holidays A (10p) 43 (7/11)
Warner-Lambert ($US1) £9 (6/11)
Wassall (J.W.) (5p) 22 (5/11)
Waterford Glass (5p) 28 5 (7/11)
Watmoughs (Hldgs.) (25p) 120⊕
Watson (R. Kelvin) (10p) 108⊕ 7⊕ 10½ 11

ELECTRIC LIGHT (—)

FINANCIAL TRUSTS

GAS (6)

INSURANCE (109)

INVESTMENT TRUSTS

City Foreign Invest. (25p) 50⊕ 49½
City of Oxford Invest. Tst. (25p) 76½ (5/11)
Colonial Secs. Tst. (25p) 197 (6/11)
Continental Indust. Tst. (25p) 178⊕
Continental Union Tst. (25p) 140 (7/11)



## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 14 % |
| Allied Irish Bank | 14 % |
| Amro Bank | 14 % |
| American Express Bk. | 14 % |
| A P Bank Ltd. | 14 % |
| Henry Ansbacher | 14 % |
| Associates Cap. Corp. | 14 % |
| Banco de Bilbao | 14 % |
| Bank of Credit & Cmce. | 14 % |
| Bank of Cyprus | 14 % |
| Bank of N.S.W. | 14 % |
| Banque Belge Ltd. | 14 % |
| Banque du Rhone et de la Tamise S.A. | 14½% |
| Barclays Bank | 14 % |
| Bremar Holdings Ltd. | 15 % |
| Brit. Bank of Mid. East | 14 % |
| ■ Brown Shipley | 14 % |
| Canada Perm't Trust | 15 % |
| Cayzer Ltd. | 14 % |
| Cedar Holdings | 14 % |
| ■ Charterhouse Japhet | 14 % |
| Choulartons | 14 % |
| C. E. Coates | 14 % |
| Consolidated Credits | 14 % |
| Co-operative Bank | *14 % |
| Corinthian Secs. | 14 % |
| The Cyprus Popular Bk. | 14 % |
| Duncan Lawrie | 14 % |
| Eagil Trust | 14 % |
| E. T. Trust Limited | 14 % |
| First Nat. Fin. Corp. | 15½% |
| First Nat. Secs. Ltd. | 15½% |
| ■ Antony Gibbs | 14 % |
| Greyhound Guaranty | 14 % |
| Grindlays Bank | ‡14 % |
| ■ Guinness Mahon | 14 % |
| ■ Hambros Bank | 14 % |
| ■ Hill Samuel | §14 % |
| C. Hoare & Co. | †14 % |
| Julian S. Hodge | 15 % |
| Hongkong & Shanghai | 14 % |
| Industrial Bk. of Scot. | 14½% |
| Keyser Ullmann | 14 % |
| Knowsley & Co. Ltd. | 15½% |
| Lloyds Bank | 14 % |
| London Mercantile | 14 % |
| Edward Manson & Co. | 15 % |
| Midland Bank | 14 % |
| ■ Samuel Montagu | 14 % |
| ■ Morgan Grenfell | 14 % |
| National Westminster | 14 % |
| Norwich General Trust | 14 % |
| P. S. Refson & Co. | 14 % |
| Rossminster | 14 % |
| Ryl. Bk. Canada (Ldn.) | 14 % |
| Schlesinger Limited | 14 % |
| E. S. Schwab | 15 % |
| Security Trust Co. Ltd. | 15 % |
| Shenley Trust | 16 % |
| Standard Chartered | 14 % |
| Trade Dev. Bank | 14 % |
| Trustee Savings Bank | 14 % |
| Twentieth Century Bk. | 15 % |
| United Bank of Kuwait | 14 % |
| Whiteaway Laidlaw | 14½% |
| Williams & Glyn's | 14 % |
| Yorkshire Bank | 14 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12½% and over £25,000 12¾%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

# ACTIVE STOCKS

## YESTERDAY—

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979 high | 1979 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 12 | 330 | + 8 | 415 | 314 |
| BAT Inds. | 25p | 9 | 253 | + 8 | 362 | 243 |
| Cons. Gold Fields | 25p | 8 | 322 | + 6 | 322 | 178 |
| European Ferries | 25p | 8 | 93 | − 3 | 183 | 93 |
| Barclays Bank | £1 | 7 | 400 | +12 | 514 | 360 |
| De Beers Defd. | R0.05 | 7 | 385 | — | 482 | 332 |
| Marks & Spencer | 25p | 7 | 87 | + 1 | 134 | 83 |
| Midland Bank | £1 | 7 | 328 | + 8 | 455 | 314 |
| Shell Transport | 25p | 7 | 332 | + 6 | 402 | 278 |
| Beecham | 25p | 6 | 127 | + 5 | 189 | 122 |
| Grand Met. | 50p | 6 | 129 | + 4 | 178½ | 110½ |
| LASMO | 25p | 6 | 318 | +12 | 318 | 124 |
| Plessey | 50p | 6 | 111 | + 3 | 131 | 101 |
| Sainsbury (J.) | 25p | 6 | 267 | + 2 | 370 | 223 |
| Cadbury Sch'pes | 25p | 5 | 52½ | + 1 | 69 | 51 |

## ON THE WEEK—

| Stock | Denomination | No. of marks | Closing price (p) | Change on week | 1979 high | 1979 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 56 | 330 | − 2 | 415 | 314 |
| BAT Inds. | £1 | 45 | 253 | − 2 | 362 | 243 |
| Cons. Gold Fields | 25p | 45 | 322 | +10 | 322 | 178 |
| Shell Transport | 25p | 45 | 332 | − 2 | 402 | 278 |
| BP | 25p | 43 | 364 | −12 | 406 | 290½ |
| Barclays Bank | £1 | 42 | 400 | +18 | 514 | 360 |
| GEC | 25p | 41 | 319 | − 1 | 456 | 311 |
| Marks & Spencer | 25p | 36 | 87 | − 3 | 134 | 83 |
| P & O Defd. | £1 | 36 | 104 | − 7 | 119 | 71 |
| EMI | 50p | 35 | 140 | − 7 | 147 | 81 |
| Glaxo | 50p | 35 | 409 | −13 | 600 | 390 |
| Grand Met. | 50p | 34 | 129 | − 5 | 178½ | 110½ |
| Midland Bank | £1 | 34 | 328 | + 1 | 455 | 314 |
| Charter Cons. | 25p | 33 | 152 | − 8 | 178 | 122 |
| Beecham | 25p | 32 | 127 | + 2 | 189 | 122 |

## LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Barnsley (0226 203232) | 12¼ | ½-year | 250 | 3-10 |
| Bradford (0274 29577) | 12¾ | ½-year | 500 | 2 |
| Knowsley (051 548 6555) | 12½ | ½-year | 1,000 | 1 |
| Knowsley (051 548 6555) | 12¾ | ½-year | 1,000 | 5-7 |
| Poole (02013 5151) | 12¾ | ½-year | 500 | 3-4 |
| Poole (02013 5151) | 12½ | ½-year | 500 | 5 |
| Poole (02013 5151) | 13 | ½-year | 500 | 6-7 |
| Redbridge (01-478 3020) | 12¼ | ½-year | 200 | 4-5 |
| Sandwell (021 569 2226) | 12¾ | ½-year | 1,000 | 6-7 |
| Sefton (051 922 4040) | 12¼ | ½-year | 2,000 | 2-4 |
| Wrekin (0952 505051) | 13¼ | maturity | 5,000 | 1-6mths. |

## BUILDING SOCIETY RATES

| | Deposit rate % | Share accounts % | Sub'pn shares % | *Term shares % |
|---|---|---|---|---|
| Abbey National | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Aid to Thrift | 9.25 | 9.80 | — | — |
| Alliance | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Anglia Hastings and Thanet | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Bradford and Bingley | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Bridgwater | 8.50 | 8.75 | 10.25 | 10.75 5 yrs., 10.25 4 yrs., 9.85 2½ yrs. |
| Bristol and West | 8.50 | 8.75 | 10.00 | — |
| Bristol Economic | 8.50 | 8.75 | 10.00 | 9.00 3 months' notice |
| Britannia | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Burnley | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Cardiff | 8.50 | 9.25 | 10.25 | — |
| Catholic | 8.20 | •8.90 | 9.80 | — • 9.10 over £5,000 |
| Chelsea | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 9.80 6 mths., 9.25 3 mths. |
| Cheltenham and Gloucester | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Cheltenham and Gloucester | — | ■9.75 | — | — ■ Premium shares including 1.00 bonus p.a. (£15,000 only) |
| Citizens Regency | 8.50 | 9.10 | 10.30 | 10.85 5 yrs., 10.60 4 yrs., 10.13 3 yrs. |
| City of London (The) | 8.80 | 9.10 | 10.10 | 10.15 3-yr. increment share withdrbl. |
| Coventry Economic | 8.50 | 8.75 | 10.00 | 10.25 4 yrs., 9.75 3 yr., 9.25 3 mth. not. |
| Coventry Provident | 8.50 | 8.75 | 10.75 | 10.25 4 yrs., 10.00 3 yrs., 9.50 2 yrs. |
| Derbyshire | 8.50 | 8.75 | 10.00 | 9.35 3 months' notice |
| Ealing and Acton | 8.50 | 9.25 | — | 9.90 2 years, £2,000 minimum |
| Gateway | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Greenwich | 6.45 | 8.85 | 10.00 | 10.85 5 yrs., 10.35 4 yrs., 9.85 3 yrs. |
| Guardian | 8.50 | 9.00 | — | 10.00 3 months, £1,000 minimum |
| Halifax | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Heart of England | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 9.25 3 months' notice |
| Hearts of Oak and Enfield | 8.50 | 9.00 | 10.50 | 10.25 4 yrs., 10.00 3 yrs., 9.75 2 yrs. |
| Hendon | 8.75 | 9.25 | — | 10.25 6 months, minimum £2,000 |
| Huddersfield and Bradford | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Lambeth | 8.50 | 9.00 | 10.50 | 9.80 3 months' notice £250-£10,000 |
| Leamington Spa | 8.60 | 8.85 | 11.93 | 10.80 5 yrs., 10.55 4 yrs., 10.15 3 yrs. |
| Leeds Permanent | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Leicester | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Liverpool | 8.50 | 8.75 | 10.20 | 10.75 5 years, minimum £1,000 |
| London Goldhawk | 8.50 | †9.25 | †10.50 | †10.00 2 years, †9.75 1 year |
| Melton Mowbray | 8.60 | 8.85 | 10.00 | 10.35 4 years, 9.60 2 years |
| Mornington | 9.00 | 9.50 | — | — |
| National Counties | 8.75 | 9.05 | 10.05 | 10.15 6 mths., 9.50 3 mths., min. £1,000 |
| Nationwide | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Newcastle Permanent | 8.50 | 8.75 | 10.05 | 10.75 4 yrs., 10.05 3 yrs., 9.75 2 yrs. |
| New Cross | 9.25 | 9.50 | — | — |
| Northern Rock | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Norwich | 8.50 | 8.75 | 10.25 | 9.75 3 yrs., 9.50 2 yrs., minimum £500 |
| Paddington | 8.25 | 9.25 | 10.85 | 10.00 6 months, 9.75 3 months |
| Peckham Mutual | 8.75 | 9.50 | — | — |
| Portman | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 9.80 6 months' notice |
| Principality | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Property Owners | 8.50 | 9.25 | 10.50 | 9.75 3 months' notice |
| Provincial | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Skipton | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Sussex Mutual | 8.75 | 9.10 | 10.75 | 9.50-10.75 all with special options |
| Town and Country | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |
| Walthamstow | 8.50 | 8.85 | 9.85 | 10.85 5 yrs., 9.85 6 months min. £500 |
| Wessex | 8.75 | 9.25 | — | 10.25 6 mths. not. WDL min. 3 yrs. |
| Woolwich | 8.50 | 8.75 | 10.00 | 10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs. |

*Rates normally variable in line with changes in ordinary share rates.
† Includes 0.25% Centenary Bonus throughout 1979.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

NOVEMBER 5

American Telegraph Telephone 26½
Ampol Pets. 63● 1
Anglo United Dev. 160● 6●
Ashton Mining 83½● 92½ 3 2
Aust. Cons. Mines 11●
Australian Oil and Gas 47
Basic Resources 51● 10 5
Basin Oil 19
Beriuntai Tin Dredging 177
Bougainville Copper 119● 17●
Bridge Oil 173● 2
Canadian Cement 465
Central Pacific Mns. US$19¼●: 10
Conzinc Rio Tinto 195●
Cultus Pacific New 18½● ½● 19 20
Dome Petroleum £18⅜
Exxon Corp. £28¼●
First S and L Shs. £7
General Datacomm Inds. 785
Gold Mines Kalgurli 134●
Gulfstream Resources 190
Hutchinson Whampoa 84½
Jardine Matheson 135
Jimberlana Minerals 78●
Kulim Malaysia 42½●. New 10½● 11 10½
Latec Invests. New 1●
Lockheed Corp. £11
Metal Exploration 47●
N.Z. Forest Prods. 123
Northern Mining 70● 80
Oil and Minerals 92
Oil Search 9
Otter Exploration 31
Pahang Consld. 27
Pancontinental 7¼ 8¼
Peko Wallsend 364● 6
Poseidon 75● 4● 4
Sasol 131● 1 30 28
Security Pacific Corp. £10
South Pacific Pets. 412●
Swire Props. 50½ 2½
Thomas Nationwide Transport 105●
Woodside Pets. 102● US$2¼● 103● 5 5: 100 1 4

NOVEMBER 2

Allstate Ex. 30●
Ampol Pets. 62½●
Ashton Mining 85½ 6 5
Blue Metal 64
Bow Valley Inds. £16¼●
B. H. South 208● 7
C.S.R. 250
Coles (G. J.) 109
Cons. Goldfields Australia 310
Cultus Pacific New 18●
Endeavour Resources 17½
Exxon Corp. £23●
Heinz £37:
Hong Kong Land 111
Hutchinson Whampoa 82 ½
Imperial Oil Canada £16¼
Jardine Matheson 120½
Kia Ora Gold 8
Kulim Malaysia 41: 2. New 10● ½
MIM 183
Mount Lyell 58
Magnet Metal 16½ 17
New Zealand Forest Prods. 127●
Northern Mining 67●
Offshore Oil 10½●
Pancontinental £7¹¹⁄₁₆● ⅛ ½
Parker Pens 800
Peko Wallsend 374
Poseidon 71 2 3
Reef Oil 27●
Porenjo £25.55:
Sabina Inds. 28●
Sasol 125● 30● 30 3 2
Schering Plough £29¼
Swire Pacific A 86½
Swire Props. 50½ 50
Timor Oil 2. New 1½●
TriContinental 850
Unilever N-V (Fl 20) £29.05 US$60
Wheelock Marden A 36½
Whim Creek 40●
Woodside Pets. 104 3 8½ 5
Woolworth Hldgs. Ord. 188

### RULE 163 (2) (a)

**Applications granted for specific bargains in securities not listed on any Stock Exchange.**

NOVEMBER 8

Ann Street Brewery 355
Applied Computer Techniques 195
Aran Energy 150
Booth (Charles) 22
Borelli Tea 170
Cambridge Instrument (1p) ½. Do. (10p) 1½
Clairmace 23 2

### RULE 163 (3)

**Bargains marked for approved companies engaged solely in mineral exploration.**

(By permission of the Stock Exchange Council)

# CURRENCIES, MONEY and GOLD

## UK MONEY MARKET

***Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)***

Yesterday's Treasury bill tender confirmed the recent rise in interest rates with a rise of 1.2713 per cent in the average rate to 14.7581 per cent. This would indicate an MLR rate of 15¼ per cent under the old and now abandoned market related formula. The minimum accepted bid was £96.32 against £96.63½ previously and bids at that level were met as to about 93 per cent. *The £300m bills on offer attracted* bids of just £329.64m and all *bills offered were allotted.* Next week a further £300m will be on *offer.*

*In* the money market day-to-day credit was again in short *supply, and the authorities gave* assistance by buying a small amount of Treasury bills and a small number of corporation bills, all direct from the discount houses, as well as lending a small amount to two or three houses at MLR for repayment on Monday.

In the interbank market, weekend loans opened at 10¾-11¼ per cent and dipped to 9-9¼ per cent before coming back to 10¾-11 per cent. Most of the day's business was seen at 10-10¼ per *cent, but closing balances were* commanding somewhere between *13 per cent and 15 per cent.*

## EXCHANGES AND BULLION

Trading in currency markets yesterday was typically thin for a Friday ahead of the weekend. While nervousness remained over the Iranian situation, dealers were mainly intent on squaring their positions ahead of the weekend, in the absence of any concrete developments. Sterling opened at $2.0835-2.0845 against the dolar and reached a best level in very thin trading of $2.0975. By noon however it had fallen back on small dollar purchases to $2.0865. During the afternoon it rose once again to *$2.0970 with most business seen* around the $2.0930 level. The *pound finished* at $2.0915-2.0925, a rise of 70 points from Thursday. *On Bank of England figures,* its trade weighted index was unchanged at 67.3, having stood at 67.2 at noon and in the morning.

The dollar finished near the top of the day's range, and slightly firmer than Thursday. Against the D-mark it finished at DM 1.7945 against DM 1.7925 and SwFr 1.6530 from SwFr 1.6450 in terms of the Swiss franc. The Japanese yen continued to weaken and the dollar rose to *its best level since early January* 1978 at Y243¼, compared with *Y241.30 on Thursday. On Bank* of England figures, the dollar's trade weighted index rose from 87.1 to 87.3.

Gold *finished* very little changed at $390-391, a rise of *just $½ an ounce.*

## THE POUND SPOT AND FORWARD

| Nov. 9 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.0835-2.0975 | 2.0915-2.0925 | par-0.10c dis | −0.29 | 0.07-0.17dis | −0.23 |
| Canada | 2.4720-2.4915 | 2.4880-2.4890 | 0.13-0.03c pm | 0.38 | 0.62-0.52 pm | 0.92 |
| Nethlnd. | 4.15-4.19 | 4.17-4.18 | 2-1c pm | 4.31 | 5½-4½ pm | 4.79 |
| Belgium | 60.40-60.95 | 60.70-60.80 | 5c pm-5c dis | — | 25-15 pm | 1.32 |
| Denmark | 11.05-11.13½ | 11.09¾-11.10¾ | 3-5ore dis | −4.32 | 8½-10½ dis | −3.42 |
| Ireland | 1.0100-1.0165 | 1.0135-1.0145 | 0.23-0.33c dis | −3.31 | 0.65-0.75dis | −2.76 |
| W. Ger. | 3.73½-3.77 | 3.75¼-3.76¼ | 2¾-1¾pf pm | 6.99 | 6½-5½pf pm | 6.39 |
| Portugal | 105.00-106.00 | 105.20-105.50 | 45-95c dis | −7.97 | 100-200 dis | −5.69 |
| Spain | 138.85-139.65 | 139.00-139.10 | 45-55c dis | −4.31 | [illegible] | [illegible] |
| Italy | 1,725-1,741 | 1,735-1,737 | 1½-2½ lire dis | [illegible] | [illegible] | [illegible] |
| Norway | 10.50-10.59 | 10.55-10.56 | 3-1ore pm | 2.27 | 7-5 pm | 2.27 |
| France | 8.75-8.83 | 8.79½-8.80½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | 8.86-8.92½ | 8.89½-8.90½ | 2ore pm-par | 1.35 | 6-4 pm | [illegible] |
| Japan | 502-512 | 509-510 | 3.70-3.50y pm | 7.30 | 9.50-9.10 pm | 7.30 |
| Austria | 26.85-27.07 | 26.95-27.00 | 17-7gro pm | [illegible] | [illegible] | [illegible] |
| Switz. | 3.42½-3.47 | 3.45½-3.46½ | 3½-2½c pm | 11.70 | 10¼-9¼ pm | [illegible] |

Belgian rate is for convertible francs. Financial franc 62.00-62.10.
Six-month forward dollar 0.17-0.07c pm, 12-month 1.25-1.15c pm.

## OTHER MARKETS

| Nov. 9 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 3205-3225 | 1530-1540 | Austria | 26.90-27.20 |
| Australia Dollar | 1.9130-1.9170 | 0.9150-0.9155 | Belgium | 61.80-62.40 |
| Brazil Cruzeiro | 64.55-65.55 | 30.85-31.30 | Denmark | 11.07-11.15 |
| Finland Markka | 7.9500-7.9700 | 3.8125-3.8145 | France | 8.77-8.84 |
| Greek Drachma | [illegible] | [illegible] | Germany | [illegible] |
| Hong Kong Dollar | [illegible] | [illegible] | Italy | [illegible] |
| Iran Rial | 146.95-155.75 | 70.25-73.50 | Japan | [illegible] |
| Kuwait Dinar (KD) | 0.581-0.591 | 0.2795-0.2800 | Netherlands | 4.16-4.19 |
| Luxembourg Frc. | 60.70-60.80 | 29.02-29.04 | Norway | [illegible] |
| Malaysia Dollar | 4.5775-4.5875 | 2.1940-2.1950 | Portugal | [illegible] |
| New Zealand Dollar | [illegible] | [illegible] | Spain | [illegible] |
| Saudi Arab. Riyal | 7.01-7.11 | 3.3705-3.3725 | Switzerland | 3.43-3.46 |
| Singapore Dollar | 4.5650-4.5750 | 2.1865-2.1875 | United States | 2.08-2.09 |
| Sth. African Rand | 1.7280-1.7310 | 0.8280-0.8290 | Yugoslavia | [illegible] |

Rate given for Argentina is free rate.

## EXCHANGE CROSS RATES

| Nov. 9 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'n | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.092 | 3.758 | 509.5 | 8.803 | 3.460 | 4.175 | 1737. | 2.489 | 60.75 |
| U.S. Dollar | 0.478 | 1. | 1.796 | 243.5 | 4.208 | 1.654 | 1.995 | 830.1 | 1.190 | 29.04 |
| Deutschemark | 0.266 | 0.557 | 1. | 135.6 | 2.343 | 0.921 | 1.111 | 462.1 | 0.662 | 16.17 |
| Japanese Yen 1,000 | 1.963 | 4.106 | 7.376 | 1000. | 17.28 | 6.791 | 8.194 | 3408. | 4.884 | 119.2 |
| French Franc 10 | 1.136 | 2.377 | 4.269 | 578.8 | 10. | 3.931 | 4.747 | 1973. | 2.827 | 69.01 |
| Swiss Franc | 0.289 | 0.605 | 1.086 | 147.3 | 2.544 | 1. | 1.207 | 501.9 | 0.719 | 17.56 |
| Dutch Guilder | 0.240 | 0.501 | 0.900 | 122.0 | 2.108 | 0.829 | 1. | 415.9 | 0.596 | 14.55 |
| Italian Lira 1,000 | 0.576 | 1.205 | 2.164 | 293.4 | 5.068 | 1.992 | 2.404 | 1000. | 1.433 | 34.98 |
| Canadian Dollar | 0.402 | 0.841 | 1.510 | 204.7 | 3.537 | 1.390 | 1.678 | 697.8 | 1. | 24.41 |
| Belgian Franc 100 | 1.646 | 3.444 | 6.185 | 838.7 | 14.49 | 5.695 | 6.872 | 2858. | 4.096 | 100. |

## LONDON MONEY RATES

| Nov. 9 1979 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 9-15 | — | — | — | 10¼ | 9¼-15 | — | — | — |
| 2 days notice | — | — | 13¼-14 | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | [illegible] | 14-14¼ | — | — | 14½ | [illegible] | — | — | — |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | 15 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | [illegible] | — |
| Nine months | [illegible] | [illegible] | — | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| Two years | — | — | — | — | — | — | — | — | — | — |

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 14-14¼ per cent; four years 14¼ per cent; five years 14¼ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15-15⅛ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rates for one-month Treasury bills 14¾ per cent; two-months 14⅝ per cent; three-months 14[illegible] per cent. Approximate rate for one-month bank bills 14⅞ per cent; two-months 15-15⅛ per cent; and three-month 15⅛-15¼ per cent; one-month trade bills 15⅞ per cent; two-months 15⅝ per cent and three-months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 14.7581 per cent.

## CURRENCY MOVEMENTS

| Nov. 8 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 67.3 | −38.2 |
| U.S. dollar | 87.3 | [illegible] |
| Canadian dollar | 80.1 | −18.1 |
| Austrian schilling | 145.3 | +23.7 |
| Belgian franc | 115.0 | +1.8 |
| Danish kroner | 114.6 | +2.8 |
| Deutsche mark | 135.3 | +35.7 |
| Swiss franc | 200.9 | +82.0 |
| Guilder | 123.0 | +19.8 |
| French franc | 101.0 | −6.0 |
| Lira | 54.6 | −49.5 |
| Yen | 117.7 | +16.6 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.90-15.00 per cent; three months 15.30-15.40 per cent; six months 14.95-15.05 per cent; one year 13.90-14.00 per cent.

| Nov. 9 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | [illegible] | [illegible] | 11-12 | [illegible] | 1-1¼ | [illegible] | [illegible] | [illegible] | — | [illegible] |
| 7 days' notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long-term Eurodollar two years 13-13¾ per cent; three years 12½-12¾ per cent; four years 12½-12¾ per cent; five years 12¼-12½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU November 9 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.8456 | 40.1084 | +0.65 | +0.70 | ±1.53 |
| Danish Krone | [illegible] | 7.32027 | −0.62 | −0.57 | ±1.635 |
| German D-Mark | 2.48557 | 2.47946 | −0.25 | −0.20 | ±1.125 |
| French Franc | 5.85522 | 5.81257 | −0.73 | −0.68 | ±1.3575 |
| Dutch Guilder | 2.74748 | 2.75481 | +0.26 | +0.31 | ±1.515 |
| Irish Punt | 0.669141 | 0.669890 | +0.11 | +0.16 | ±1.665 |
| Italian Lira | 1158.42 | 1146.84 | −1.00 | [illegible] | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## GOLD

| | November 9 | | November 8 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $390-391 | [illegible] | $389-391 | [illegible] |
| Opening | $391-393 | [illegible] | $392-394 | [illegible] |
| Morning fixing | $389.75 | [illegible] | $392.50 | [illegible] |
| Afternoon fixing | $389.50 | [illegible] | $389.50 | [illegible] |
| **Gold Coins** | | | | |
| Krugerrand | [illegible] | [illegible] | [illegible] | [illegible] |
| New Sovereigns | [illegible] | [illegible] | [illegible] | [illegible] |
| King Sov. | [illegible] | | [illegible] | |
| Victoria Sov. | [illegible] | | [illegible] | |
| Fr20 Napoleon | [illegible] | [illegible] | [illegible] | [illegible] |
| 50 pesos Mexico | [illegible] | | [illegible] | |
| 100 Cor. Austria | [illegible] | | [illegible] | |
| $20 Eagles | [illegible] | | [illegible] | |
| $10 Eagles | [illegible] | | [illegible] | |
| $5 Eagles | [illegible] | | [illegible] | |

## U.K. CONVERTIBLE STOCKS 9/11/79

Statistics provided by data STREAM International

| Name and description | Size (£m) | Current price | Terms* | Con-version dates | Flat yield | Red. yield | Premium† Current | Premium† Range‡ | Income Equ.§ | Conv.¶ | Diff.◇ | Cheap(+) Dear(−)◇ Current |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Ireland 10pc Cv. 91-96 | 1.30 | 146.00 | 47.6 | 77-80 | 6.9 | 4.8 | −7.1 | −15 to −4 | 0.0 | 4.8 | 3.0 | +10.1 |
| British Land 12pc Cv. 2002 | 7.71 | 206.00 | 333.3 | 80-97 | 5.8 | 4.5 | 11.4 | −8 to 11 | 0.0 | 89.0 | 48.1 | +36.8 |
| Fanson Tr 6¾pc Cv. 88-93 | 3.38 | 73.00 | 57.1 | 76-80 | 8.4 | 9.5 | 14.7 | −1 to 15 | 0.0 | — | 4.7 | −19.4 |
| Slough Ests. 10pc Cv. 87-90 | 5.50 | 184.00 | 187.5 | 78-85 | 5.5 | — | 10.3 | −3 to 10 | 30.3 | 41.4 | 8.6 | −3.6 |
| Slough Ests. 8pc Cv. 91-94 | 24.88 | 88.00 | 73.0 | 80-91 | 9.5 | 10.1 | 26.8 | 20 to 32 | 24.9 | 53.0 | 39.2 | +12.4 |
| Thorn Elec. 5pc Cv. 90-94 | 4.19 | 98.00 | 29.1 | 75-80 | 5.2 | 5.3 | 5.3 | 10 to 5 | 5.5 | 4.7 | −0.8 | −6.1 |
| Tozer, Kemsley 8pc Cv. 1981 | 0.72 | 86.00 | 153.9 | 74-79 | 9.3 | 16.7 | −6.8 | −22 to −2 | 0.0 | — | 0.0 | +6.8 |
| Ultramar 7pc Net R. Cv. Pfd. | 12.59 | 1.83 | 0.5 | 76-82 | 5.5 | 0.6 | −1.2 | −11 to −1 | 14.2 | 21.8 | 4.1 | +5.3 |
| Wilk. Match 10pc Cv. 84-98 | 11.10 | 79.00 | 40.0 | 76-83 | 13.3 | 13.6 | 43.1 | 21 to 43 | 25.7 | 32.6 | 12.4 | −30.7 |

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is at present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◇ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

# LONDON STOCK EXCHANGE

# Depression in Gilt-edged fails to lift but equities stage a technical rally—Index regains 8.7 to 420.9

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct. 22 | Nov. 1 | Nov. 2 | Nov. 12 |
| Nov. 5 | Nov. 15 | Nov. 16 | Nov. 26 |
| Nov. 19 | Nov. 29 | Nov. 30 | Dec. 10 |

* "New time" dealings may take place from 9.30 am two business days earlier.

The shock of October's banking statistics with its indication of an acceleration in monetary growth and the increased threat of a sharp rise in Minimum Lending Rate, continued to depress Government stocks yesterday. Investment confidence has been rudely shaken by this week's developments and potential buyers again held off yesterday in the belief that the authorities would need to fund shortly. This could mean activation of one or both tap stocks at cheap levels to facilitate the issue of replacement stocks.

Recovery movements were yet again attempted yesterday as short commitments were covered but, as in previous sessions, they failed to last and the close was around the day's lowest. Longer-dated maturities faced the bulk of further domestic and overseas selling and lost a point or so more, extending the fall on a most depressing week to some five points. Shorter issues were less affected and, although ½ down in places yesterday, were staging a small rally late in the evening.

After an eight-day slide, which had taken nearly 35 points off the 30-share index, equity markets staged a sharp technical rally yesterday. Signs of a revival in investment interest were lacking but covering of short positions in the existing thin conditions was quickly reflected in enhanced prices for the leaders.

Despite showing some hesitancy around noon, final quotations were around the best of the day, with ICI spearheading the improvement with a recovery of 8 to 330p. The FT 30-share index closed 8.7 higher at 420.9, but on the week was still a net 10.8 lower.

Most of the equity sectors participated in the rally and the announcement that the Government offer for sale of British Petroleum shares had been oversubscribed gave Oils a useful fillip. BP rallied to close 8 better at 364p; this compares with the offer for sale price of 363p. Dealings in the partly-paid new shares commence on Monday and advance estimates of the likely opening level ranged from 155p to 158p.

Increased activity in Traded options resulted in a total of 627 contracts completed, for a week's average of 533. Cons. Gold Fields encountered a revival of demand and attracted 191 deals, while BP recorded 191 trades awaiting Monday's offer for sale allocation details.

## Banks good

Buying in anticipation of expected sharp increases in base lending rates next week helped the major clearing banks to fresh gains ranging to 12. Barclays closed that much better at 400p, Lloyds, 288p, and NatWest, 320p, rose 10 apiece and Midland firmed 8 to 328p. Discount Houses, however, remained in the doldrums, continuing to wilt in sympathy with Gilt-edged securities. Allen Harvey and Ross lost 10 more to 300p and Union relinquished 5 to 305p.

A quietly firm trend was evident in Insurances where Commercial Union moved up 3 to 122p ahead of next Tuesday's third-quarter figures. Sun Alliance added 12 at 496p and Willis Faber hardened 2 to 200p.

Breweries held a firmer bias throughout the session, mainly on following bear closing. Bass added 2 at 196p and Allied rose 1½ to 85p. Whitbread were wanted still on the annual results and ended a penny better at 122p. Regional issues were quiet, but Belhaven attracted a little support and improved 2 to 33p.

Building descriptions were better in places, but trade was of little substance and early interest soon waned. Among the leaders, Tarmac picked up 6 at 173p following favourable Press comment, while B.P.B. rallied 4 to 142p and London Brick added a penny to 60p. Blue Circle, 228p, and Redland, 158p, hardened a couple of pence apiece, but Wimpey eased a penny further to 69p and R.M.C. shed 2 to 125p. In Paints, Manders put on 7 to 145p as speculative interest revived, but Timbers remained dull with Montague L. Meyer a penny cheaper at a 1979 low of 76p.

## House of Fraser up

A gain of 8 in ICI to 330p was attributed most to book-squaring as a depressing week drew to its close. Among other Chemicals, Allied Colloids reacted 5 to 135p as speculative support was withdrawn. Norsk Hydro advanced 2½ for a two-day gain of 6 to £58½, on persisting rumours of a North Sea oil discovery on block 31/4 in the Norwegian sector.

Bolstered still by hopes that Lonrho will soon announce a bid for the outstanding shares in the group it does not already own, House of Fraser rose 5 more to 127p for a rise of 16 on the week. Other leading Stores, with the exception of W. H. Smith "A," which softened 2 to 142p ahead of Tuesday's interim results, edged forward on technical influences. Press comment additionally helped Gussies "A" close a couple of pence dearer at 346p, while Burton "A" picked up a like amount to 230p and Marks and Spencer hardened the turn to 87p. Elsewhere, Millets Leisure fell 10 further to 144p on Press views about the disappointing mid-term figures. Liberty dipped 6 to 165p, but Wallis, at 50p, retrieved 8 of its recent sharp fall. Improvements of 4 and 5 respectively were recorded in jewellery concerns, Ratners, 51p, and H. Samuel "A," 142p. A. Goldberg edged forward a penny to 74p in response to the increased first-half earnings. Shoes were featured by a speculative gain of 10 to 175p in Stylo.

A depressed market since first announcing its intention to acquire EMI about three weeks ago, Thorn took a turn for the better yesterday, rising with the general equity trend to finish 6 better at 326p, but still sustained a fall of 28 on the week; EMI, however, cheapened 2 to 140p. Other Electrical leaders moved higher with Plessey up 3 at 111p and Racal a like amount dearer at 210p. Secondary stocks were undecided. Muirhead added 4 at 236p but Wholesale Fitting relinquished 10 to 430p and Henry Wigfall dipped 5 to 230p, after 220p.

Averys were quoted at 255p immediately after the increased bid of 265p per share from GEC, but eased back from that level to 248p before improving afresh to settle at 253p for a rise of 20 on the day. GEC closed 6 higher at 319p. Wolseley Hughes, up 14 at 262p in response to better-than-expected results, provided the only other feature in a drab Engineering sector. B. Elliott, a particularly weak market of late, rallied 4 to 192p, while British Aluminium picked up a few pence to 175p. On the other hand, Jones and Shipman eased 5 to 150p and Brasway gave up 3 to 52p. Leading issues made headway, but there was little force behind the rise which left Hawker, 154p, and GKN, 243p, up 4 apiece. Aided by recent Press mention, Vickers firmed 5 further to 118p.

Foods improved modestly on scattered support. J. Sainsbury hardened 2 to 267p and Associated Dairies 3 to 147p, while Cadbury Schweppes added a penny to 52½p. Rowntree Mackintosh firmed 2 to 162p following the acquisition for £16m of Nuts, a Dutch confectionery company.

Grand Metropolitan led the rally in Hotels and Caterers with a gain of 4 to 129p. Brent Walker, down 8 on Thursday on the interim figures and unchanged dividend, rallied 5 to 85p.

## Greves disappoints

A harrowing week was brought to a firm close by the miscellaneous industrial leaders as technical influences played their part in bringing rises ranging to 10. Glaxo ended that much dearer at 400p, while Beecham rose 5 to 127p. Ahead of their respective interim statements, Unilever hardened 4 to 460p and Boots picked up 3 to 157p. Elsewhere, Gieves stood out with a fall of 11 to 89p in reaction to the sharp contraction in first-half earnings. Sotheby's, however, at 350p, retrieved the previous day's fall of 25 as investment interest revived and I.C. Gas rose 6 more to 590p in continuing response to rumours of a new oil find in the North Sea. ICL firmed 3 to 420p on an investment recommendation and Howard Tenens moved up 2½ to 65½p ahead of Tuesday's mid-term figures. Diploma Investments, 317p, and Johnson Group Cleaners, 133p, picked up 9 apiece, while Marshalls Universal gained 7 to 140p and Vinten added 6 to 116p. Adverse comment ahead of next week's half-year results left Chubb a penny off at 95p, while Viners cheapened 2½ to 20p following the interim deficit and dividend omission. Carlton Industries gave up 10 to 260p and Relyon P.B.W.S., 102p, and Siebe Gorman, 140p, lost 6 apiece.

In Television, Ulster held at 76p despite lower annual profits, but L.W.T. A shed 4 to 130p ahead of Thursday's preliminary results.

Recently dull Motor Components responded swiftly to scattered support and closed with useful gains. Dowty advanced 10 to 263p, while continued satisfaction with Monday's preliminary results lifted Lucas 6 to 207p. Flight Refuelling, interim due on Wednesday, improved 3 to 165p. Distributors turned firmer and Lex Service became a good market at 87½p, up 3½, while Harold Perry rose a similar amount to 121p. Kenning put on 1½ to 69p and Godfrey Davis hardened the turn to 106p; the last-mentioned is due to report interim results on Wednesday.

Although the threat of higher interest rates continued to hang over the Property sector, selected issues rallied from recently depressed levels. Land Securities at 259p, and M.E.P.C. at 147p, picked up 3 apiece, while Stock Conversion added a couple of pence at 340p. Hammerson A improved 5 to 750p in response to the half-yearly profits and dividend increase.

## BP rally

With the application list for the Government sale of BP shares oversubscribed, British Petroleum responded with a gain of 8 to 364p. The new shares are expected to command a premium of about 8p over the offer price of 363p. Other Oils drew strength from the BP situation and closing levels were usually the day's best. Shell improved 6 to 332p. Burmah gained 5 to 170p with the aid of U.S. interest, while Tricentrol firmed 10 to 240p and Ultramar added 8 to 360p, the last-named announces third-quarter figures next Thursday. There was renewed enthusiasm for prospective merger partners Oil Exploration, up 14 at 598p, and Lasmo, 12 higher at 318p, following their respective profit forecasts.

Mitchell Cotts rose 1½ to 40p following news of the agreement with Uganda on the company's tea estates. Elsewhere in Overseas Traders, Gill and Duffus recovered 4 of the recent loss to close at 125p.

Shippings opened on a steadier note and, although little follow-through demand developed, most issues moved ahead. P & O Deferred added a couple of pence to 104p, while Walter Runciman rose 5 to 86p. Milford Docks, however, fell 7 to 185p.

Textiles plotted an irregular course in subdued trading. Sirdar turned dull, losing 8 to 102p following withdrawal of recent speculative support, while Scottish, English and European were marked 5 lower to 52p. Victoria Carpet, at 18p, also lost 5 following the sharp reduction in mid-term profits.

Satisfaction with the Mardon deal prompted a rise of 6 to 253p in Bats and a gain of 8 to 235p in the Deferred, while Imperial hardened 1½ to 80½p.

## Golds easier

South African Golds continued to drift in quiet trading reflecting the initial downturn in the bullion price although the latter rallied to close 50 cents firmer on balance at $390.50 an ounce. Bullion showed a $17.75 rise over the week following the general situation in Iran and the prospect of oil supply difficulties.

Little interest was shown in the sharemarket which registered minor movements either way until edging higher at the close following modest American support.

The Gold Mines index dipped 1.7 to 210.6 but remained 9.3 up on the week reflecting the strong gains which occurred on Tuesday and Wednesday.

South African Financials were similarly subdued but the London issues provided a feature in Gold Fields, which advanced 6 more to a 1979 high of 322p still reflecting bid rumours; yesterday's rise was sparked by rumours that a large parcel of shares changed hands outside the market.

Other London Financials were generally a fraction easier. Charter were 4 off at 162p and Selection Trust 10 cheaper at 460p.

In an active Australian section, the Rundle oil-shale partners attracted strong London and international buying throughout the week as higher oil prices gave rise to hopes that the Rundle deposit will be brought to production. [illegible]

## LONDON TRADED OPTIONS

| Option | Exercise price | January Closing offer | January Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 300 | 82 | — | 90 | 1 | — | — | 363p |
| BP | 325 | 60 | 20 | 70 | — | — | — | " |
| BP | 350 | 40 | 19 | 52 | — | — | — | " |
| BP | 360 | — | — | — | — | 54 | 2 | " |
| [illegible] | | | | | | | | |

## FINANCIAL TIMES STOCK INDICES

| | Nov. 9 | Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | Nov. 2 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 65.48 | 66.10 | 66.60 | 67.44 | 68.17 | [illegible] | [illegible] |
| Fixed Interest | 66.40 | 66.78 | 67.48 | 68.74 | 69.92 | [illegible] | [illegible] |
| Industrial | 420.9 | 412.2 | 418.1 | 418.5 | 421.0 | [illegible] | [illegible] |
| Gold Mines | 210.6 | 212.3 | 219.5 | 210.1 | 200.1 | [illegible] | [illegible] |
| [illegible] | | | | | | | |

## HIGHS AND LOWS

[illegible]

## S.E. ACTIVITY

[illegible]

## RISES AND FALLS

[illegible]

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

## FIXED INTEREST PRICE INDICES

[illegible]

## NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

**NEW HIGHS (10)**

BANKS (1)
Brown and Shipley
OILS (5)
Gas and Oil Acreage Weeks Petroleum
LASMO Oil Exploration
MINES (4)
Cons. Gold Fields Central Pacific

**NEW LOWS (183)**

BRITISH FUNDS (25)
LOANS (1)
AMERICANS (1)
CANADIANS (1)
BANKS (5)
BUILDINGS (9)
DRAPERY AND STORES (1)
ELECTRICALS (6)
ENGINEERING (18)
FOODS (2)
HOTELS (1)
INDUSTRIALS (28)
INSURANCE (2)
MOTORS (6)
NEWSPAPERS (1)
PAPER AND PRINTING (1)
PROPERTY (3)
SHOES (1)
TEXTILES (11)
TRUSTS (62)

## OPTIONS

| First Dealings | Last Dealings | Last Declarations | For Settlement |
|---|---|---|---|
| Nov. 12 | Nov. 23 | Feb. 21 | Mar. 3 |
| Nov. 26 | Dec. 7 | Mar. 6 | Mar. 17 |
| Dec. 17 | Dec. 28 | Mar. 20 | Mar. 31 |

For rate indications see end of Share Information Service

Call options were struck in BP, EMI, Thorn, Burmah, Ladbroke, FNFC, British Land, Harmony, Libanon, Kloof Gold, Poseidon, MFI, Marshall's Universal and Town and City. Puts were dealt in BP and Shell, while doubles were arranged in British Land, FNFC 9½ per cent loan, Benrose, House of Fraser and Barratt Developments.

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) — 72-80, Gatehouse Rd., Aylesbury. 0296 5941 — [illegible]

Allen Harvey & Ross Unit Tst. Mngrs. — 45, Cornhill, London EC3V 3PB. 01-623 6314 — [illegible]

Allied Hambro Group (a)(g) — [illegible]

Anderson Unit Trust Managers Ltd. — [illegible]

Ansbacher Unit Mgmt. Co. Ltd. — [illegible]

Arbuthnot Securities Ltd. (a)(c) — 37, Queen St., London, EC4R 1BY. 01-236 5281 — [illegible]

Archway Unit Fd. Mgrs. Ltd. (a)(c) — 317, High Holborn, WC1V 7NL. 01-831 6233 — [illegible]

Barclays Unicorn Ltd. (a)(g)(c) — Unicorn Ho. 252, Romford Rd., E7. 01-534 5544 — [illegible]

Baring Brothers & Co., Ltd. (a)(x) — 88, Leadenhall St., EC3. 01-588 2830 — [illegible]

Bishopsgate Progressive Mgmt. Co. — 9, Bishopsgate, EC2. 01-588 6280 — [illegible]

Bridge Fund Managers (a)(c) — [illegible]

Britannia Trust Management (a)(g) — [illegible]

The British Life Office Ltd. (a) — [illegible]

Brown Shipley & Co. Ltd. — [illegible]

Canada Life Unit Tst. Mngrs. Ltd. — [illegible]

Capel (James) Mngt. Ltd. — 100, Old Broad St., EC2N 1BQ. 01-588 6010 — [illegible]

Carliol Unit Fd. Mgrs. Ltd. (a)(c) — [illegible]

Charities Official Invest. Fund — [illegible]

Chieftain Trust Managers Ltd. (a)(g) — [illegible]

Confederation Funds Mgt. Ltd. (a) — [illegible]

Cosmopolitan Fund Managers — [illegible]

Craigmount Unit Tst. Mgrs. Ltd. — [illegible]

Crescent Unit Tst. Mgrs. Ltd. (a)(g) — [illegible]

Discretionary Unit Fund Managers — [illegible]

E. F. Winchester Fund Mngt. Ltd. — [illegible]

Emson & Dudley Tst. Mngmt. Ltd. — [illegible]

Equity & Law Un. Tr. M. (a)(b)(c) — [illegible]

James Finlay Unit Trust Mngt. Ltd. — [illegible]

Framlington Unit Mgt. Ltd. (a) — [illegible]

Friends' Provdt. Unit Tr. Mgrs. — [illegible]

Funds in Court — [illegible]

G.T. Unit Managers Ltd. — [illegible]

G. & A. Trust (a) (g) — [illegible]

Gartmore Fund Managers (a)(g) — [illegible]

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a) — [illegible]

Govett (John) — [illegible]

Grieveson Management Co. Ltd. — [illegible]

Guardian Royal Ex. Unit Mgrs. Ltd. — [illegible]

Henderson Administration (a)(c)(g) — [illegible]

Hill Samuel Unit Tst. Mgrs. (a) — [illegible]

Investment Intelligence Ltd. (a)(g) — [illegible]

Key Fund Managers Ltd. (a)(g) — [illegible]

Kleinwort Benson Unit Managers — [illegible]

L & C Unit Trust Management Ltd. — [illegible]

Legal & General Tyndall Fund — [illegible]

Leonine Administration Ltd. — [illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a) — [illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd. — [illegible]

Local Authorities' Mutual Invest. Tst. — [illegible]

M & G Group (y)(c)(z) — [illegible]

Manulife Management Ltd. — [illegible]

Mayflower Management Co. Ltd. — [illegible]

Mercury Fund Managers Ltd. — [illegible]

Midland Bank Group Unit Trust Managers Ltd. (a) — [illegible]

Minster Fund Managers Ltd. — [illegible]

MLA Unit Trust Mngmnt. Ltd. — [illegible]

Murray Johnstone U.T. Mgmt. (a) — [illegible]

Mutual Unit Trust Managers (a)(g) — [illegible]

National and Commercial — [illegible]

National Provident Inv. Mngrs. Ltd. — [illegible]

National Westminster (a) — [illegible]

NEL Trust Managers Ltd. (a)(g) — [illegible]

Northgate Unit Trust Managers Ltd. — [illegible]

Norwich Union Insurance Group (b) — [illegible]

Pearl Trust Managers Ltd. (a)(g)(z) — [illegible]

Pelican Units Admin. Ltd. (g)(x) — [illegible]

Perpetual Unit Trust Mngmt. (a) — [illegible]

Practical Invest. Co. Ltd. (y)(c) — [illegible]

Provincial Life Inv. Co. Ltd. — [illegible]

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c) — [illegible]

Quilter Management Co. Ltd. — [illegible]

Reliance Unit Mgrs. Ltd. — [illegible]

Ridgefield Management Ltd. — [illegible]

Rothschild Asset Management (g) — [illegible]

Rowan Unit Trust Mngt. Ltd. (a) — [illegible]

Royal Tst. Can. Fd. Mgrs. Ltd. — [illegible]

Save & Prosper Group — [illegible]

Schlesinger Trust Mngrs. Ltd. (a)(z) — [illegible]

J. Henry Schroder Wagg & Co. Ltd. — [illegible]

Scottish Equitable Fnd. Mgrs. Ltd. — [illegible]

Sebag Unit Tst. Managers Ltd. (a) — [illegible]

Security Selection Ltd. — [illegible]

Stewart Unit Tst. Managers Ltd. (a) — [illegible]

Sun Alliance Fund Mngt. Ltd. — [illegible]

Target Tst. Mngrs. Ltd. (a)(g) — [illegible]

Target Tst. Mngrs. (Scotland) (a)(b) — [illegible]

Tower Unit Trust Mngt. Ltd. — [illegible]

Trades Union Unit Tst. Managers — [illegible]

Transatlantic and Gen. Secs. Co. (y) — [illegible]

Tyndall Managers Ltd. (a)(c)(y) — [illegible]

TSB Unit Trusts (y) — [illegible]

Ulster Bank (a) — [illegible]

Unit Trust Account & Mgmt. Ltd. — [illegible]

Wieler Growth Fund — [illegible]

### NOTES

Prices are in pence unless otherwise indicated. [illegible]

## INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd. — 1-3 St. Paul's Churchyard, EC4. 01-248 9111 — [illegible]

Albany Life Assurance Co. Ltd. — [illegible]

AMEV Life Assurance Ltd. — [illegible]

Barclays Life Assur. Co. Ltd. — [illegible]

Beehive Life Assur. Co. Ltd. — [illegible]

Canada Life Assurance Co. — [illegible]

Cannon Assurance Ltd. — [illegible]

Capital Life Assurance — [illegible]

Charterhouse Magna Gp. — [illegible]

Chieftain Assurance Funds — [illegible]

City of Westminster Assur. Co. Ltd. — [illegible]

City of Westminster Assur. Soc. Ltd. — [illegible]

Commercial Union Group — [illegible]

Confederation Life Insurance Co. — [illegible]

Cornhill Insurance Co. Ltd. — [illegible]

Credit & Commerce Insurance — [illegible]

Crown Life Insurance Co. Ltd. — [illegible]

Crusader Insurance Co. Ltd. — [illegible]

Eagle Star Insur./Midland Assur. — [illegible]

Equity & Law Life Ass. Soc. Ltd. — [illegible]

Equity & Law (Managed Funds) Ltd. — [illegible]

Gartmore Bonds — [illegible]

General Portfolio Life Ins. C. Ltd. — [illegible]

Gresham Life Ass. Soc. Ltd. — [illegible]

Growth & Sec. Life Ass. Soc. Ltd. — [illegible]

Guardian Royal Exchange — [illegible]

Hambro Life Assurance Limited — [illegible]

Hearts of Oak Benefit Society — [illegible]

Hill Samuel Life Assur. Ltd. — [illegible]

Imperial Life Ass. Co. of Canada — [illegible]

Irish Life Assurance Co. Ltd. — [illegible]

King & Shaxson Ltd. — [illegible]

Langham Life Assur. Co. Ltd. — [illegible]

Legal & General (Unit Assur.) Ltd. — [illegible]

Legal & General Prop. Fd. Mgrs. Ltd. — [illegible]

Life Assur. Co. of Pennsylvania — [illegible]

Lloyds Life Assurance — [illegible]

London Indemnity & Gnl. Ins. Co. Ltd. — [illegible]

London Life Linked Assur. Ltd. — [illegible]

The London & Manchester Ass. Gp. — [illegible]

M & G Group — [illegible]

Manufacturers Life Insurance Co. — [illegible]

Merchant Investors Assurance — [illegible]

NEL Pensions Ltd. — [illegible]

NPI Pensions Management Ltd. — [illegible]

New Zealand Ins. Co. (UK) Ltd. — [illegible]

Norwich Union Insurance Group — [illegible]

Pearl Assurance (Unit Funds) Ltd. — [illegible]

Phoenix Assurance Co. Ltd. — [illegible]

Prop. Equity & Life Ass. Co. — [illegible]

Property Growth Assur. Co. Ltd. — [illegible]

Providence Capitol Life Ass. Co. Ltd. — [illegible]

Prudential Pensions Limited — [illegible]

Reliance Mutual — [illegible]

Rothschild Asset Management — [illegible]

Royal Insurance Group — [illegible]

Save & Prosper Group — [illegible]

Schroder Life Group — [illegible]

Scottish Widows' Group — [illegible]

Skandia Life Assurance Co. Ltd. — [illegible]

Solar Life Assurance Limited — [illegible]

Standard Life Assurance Company — [illegible]

Sun Alliance Fund Mangmt. Ltd. — [illegible]

Sun Alliance Linked Life Ins. Ltd. — [illegible]

Sun Life of Canada (UK) Ltd. — [illegible]

Target Life Assurance Co. Ltd. — [illegible]

Transinternational Life Ins. Co. Ltd. — [illegible]

Trident Life Assurance Co. Ltd. — [illegible]

Tyndall Assurance/Pensions — [illegible]

Vanbrugh Life Assurance — [illegible]

Vanbrugh Pensions Limited — [illegible]

Welfare Insurance Co. Ltd. — [illegible]

Windsor Life Assur. Co. Ltd. — [illegible]

## OFFSHORE & OVERSEAS FUNDS

Alexander Fund — [illegible]

Allen Harvey & Ross Inv. Mgt. (C.I.) — [illegible]

Arbuthnot Securities (C.I.) Limited — [illegible]

Bank of America International S.A. — [illegible]

Banque Bruxelles Lambert — [illegible]

Barbican Managers (Jersey) Ltd. — [illegible]

Barclays Unicorn International — [illegible]

Bishopsgate Commodity Ser. Ltd. — [illegible]

Bishopsgate Progressive Ldn. Agents — [illegible]

Bridge Management Ltd. — [illegible]

Britannia Tst. Mngmt. (C.I.) Ltd. — [illegible]

Brown Shipley Tst. Co. (Jersey) Ltd. — [illegible]

Butterfield Management Co. Ltd. — [illegible]

Capital International S.A. — [illegible]

Charterhouse Japhet — [illegible]

Clive Investments (Jersey) Ltd. — [illegible]

Cornhill Ins. (Guernsey) Ltd. — [illegible]

DWS Deutsche Ges. F. Wertpapiersp — [illegible]

Delta Group — [illegible]

Deutscher Investment-Trust — [illegible]

Dreyfus Intercontinental Inv. Fd. — [illegible]

Emson & Dudley Tst. Mgt. Jrsy. Ltd. — [illegible]

The English Association — [illegible]

Eurobond Holdings N.V. — [illegible]

F. & C. Mgmt. Ltd., Inv. Advisers — [illegible]

Fidelity Mgmt. & Res. (Bda.) Ltd. — [illegible]

Fidelity Mgmt. Research (Jersey) Ltd. — [illegible]

First Viking Commodity Trusts — [illegible]

Fleming Japan Fund S.A. — [illegible]

Free World Fund Ltd. — [illegible]

G.T. Management Ltd. — [illegible]

Gartmore Invest. Ltd. Ldn. Agts. — [illegible]

Hambro Pacific Fund Mgmt. Ltd. — [illegible]

Hambros Fd. Mgrs. (C.I.) Ltd. — [illegible]

Henderson Baring Fund Mgrs. Ltd. — [illegible]

Henderson Baring (Guernsey) Ltd. — [illegible]

Hill-Samuel & Co. (Guernsey) Ltd. — [illegible]

Hill Samuel Invest. Mgmt. Intnl. — [illegible]

N.V. Interbeheer — [illegible]

International Pacific Inv. Mgmt. Ltd. — [illegible]

J.E.T. Managers (Jersey) Ltd. — [illegible]

Jardine Fleming & Co. Ltd. — [illegible]

Leopold Joseph & Sons (Guernsey) — [illegible]

Kemp-Gee Managemt. Jersey Ltd. — [illegible]

Keyser Ullmann Ltd. — [illegible]

King & Shaxson Mngrs. — [illegible]

Kleinwort Benson Limited — [illegible]

Lloyds Bk. (C.I.) U/T Mgrs. — [illegible]

Lloyds Bank International, Geneva — [illegible]

M & G Group — [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. — [illegible]

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

| High | Low | Stock | Price £ | + or − | Int. | Red. |
|---|---|---|---|---|---|---|
| 66¾ | 56 | Agric. Mt. 5pc '59-89 | 61¼ | ...... | 8.32 | 12.11 |
| 92 | 75 | Alcan 10½pc '89-94 | 79½ | −1 | 13.76 | 14.40 |
| 30½ | 24½ | Met. Wtr. 3pc 'B' | 26¾ | ...... | 11.43 | 13.33 |
| 129 | 97 | U.S.M.C. 9pc 1982 | 99xd | +2 | 9.27 | — |
| 95 | 85 | Do. without Warrants | 85xd | ...... | 10.58 | 14.30 |

Financial

| High | Low | Stock | Price £ | + or − | Int. | Red. |
|---|---|---|---|---|---|---|
| 103¼ | 96¾ | FFI 13pc 1981 | 96¾ | −¼ | 13.39 | 15.63 |
| 108¼ | 96 | Do. 14pc '83 | 96 | −¼ | 14.54 | 15.16 |
| 86½ | 77½ | ICFC 5½pc Deb. '80-82 | 80½ | −½ | 6.90 | 13.78 |
| 85 | 71½ | Do. 6¼pc Db. '81-84 | 71½xd | −1 | 8.74 | 14.48 |
| 99 | 84½ | Do. 10½pc Uns. Ln. '86 | 87½ | −½ | 12.55 | 14.66 |
| 99 | 84½ | Do. 11pc Uns. Ln. '88 | 83½ | ...... | 13.01 | 13.90 |
| 101½ | 84 | Do. 11¾pc Uns. Ln. '90 | 89½ | −½ | 13.80 | 14.60 |
| 72½ | 57 | Do. 7¾pc A Deb. '89-92 | 61 | −½ | 12.63 | 14.78 |
| 69 | 53½ | Do. 7¾pc A Db. '91-94 | 55½ | −2 | 13.36 | 15.00 |
| 81½ | 64½ | Do. 9pc 'A' '91-94 | 67 | +½ | 13.74 | 14.80 |
| 78½ | 62½ | Do. 8⅞pc Ln. '92-97 | 63½ | −2 | 14.36 | 15.00 |
| 102 | 89 | Do. 12½pc. Uns. Ln. 1992 | 89 | −1 | 14.19 | 14.60 |

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £25⅝ | £17⅝ | Bankers N.Y. $10 | £18 | +⅛ | Q$3.30 | — | 8.3 | — |
| 514 | 360 | Barclays £1 | 400 | +12 | †16.5 | 6.2 | 5.9 | 3.4 |
| 282 | 230 | Brown Shipley £1 | 282 | +2 | 10.81 | — | 5.5 | — |
| 375 | 270 | Cater Ryder £1 | 283 | ...... | 18.88 | — | 9.7 | — |
| 110 | 73 | Clive Dis'nt 20p | 73 | ...... | 5.33 | — | 10.4 | — |
| 224 | 122 | Com'l Aus. ($A1) | 139 | +2 | Q18c | 3.9 | 6.6 | 5.8 |
| £17¼ | 930 | Com'zbk DM 10 | 987 | ...... | Q26.6% | — | 6.8 | — |
| £18½ | 900 | C'hgn. Hbk. Kr100 | £10½ | ...... | Q12% | — | 10.5 | — |
| 41 | 22 | Corinthian 10p | 22 | ...... | †1.05 | 5.9 | 6.8 | 2.5 |
| £24¾ | £15 | Cred. France F75 | £18½ | ...... | Q9.87% | — | 3.5 | — |
| 16 | 10 | Dawes (G. R.) | 11 | ...... | — | — | — | — |
| *£119 | £62½ | Deutsche Bank DM50 | £67½ | ...... | Q28.12% | — | 5.4 | — |
| 90 | 58 | F. C. Finance | 60 | ...... | 2.2 | 4.9 | 5.2 | 5.5 |
| 8¼ | 5¼ | First Nat. 10p | 7 | +¼ | — | — | — | 0.5 |
| 4 | 2 | Do. Wrrs. 75-83 | 2½ | ...... | — | — | — | — |
| 266 | 178 | Gerrard Natnl. | 208 | −2 | †9.12 | — | 6.3 | — |
| 62 | 39 | Gibbs (A.) | 43 | ...... | 2.2 | — | 7.3 | — |
| 270 | 205 | Gillett Bros. £1 | 205 | ...... | †16.95 | — | 11.8 | — |

## BANKS & HP—Continued

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)


# FINANCIAL TIMES

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INTERNATIONAL AND BRITISH OFFICES

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Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 362 | 226 | R.T.Z. | 272xd | ...... | †11.5 | 3.4 | 6.0 |
| 51 | 12 | Robert Mines | 15 | ...... | — | — | — |
| 65 | 28 | Sabina Inds. C$1 | 32 | ...... | — | — | — |
| 860 | 490 | Tara Expln. $1 | 495 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † *Interim since increased or resumed.*
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover *relates to previous dividends or forecasts.*
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends *or ranking only* for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. *m Interim higher than previous total. n Rights issue pending.* q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: *Cover does not apply to special payment. A Net dividend and yield.* B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on *prospectus or other official estimates for 1980. N Dividend and yield* based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on *assumption Treasury Bill Rate stays unchanged until maturity of stock.*

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 26

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## REGIONAL MARKETS

*The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.*

| | | |
|---|---|---|
| Albany Inv. 20p | 27 | ...... |
| Bertam | 16 | ...... |
| Edg'wtr. Est. 50p | 385 | −10 |
| Clover Croft | 30 | ...... |
| Craig & Rose £1 | £10½ | ...... |
| Dyson (R. A.) A | 23 | ...... |
| Fife Forge | 48 | ...... |
| Finlay Pkg. 5p | 19 | ...... |
| Graig Ship. £1 | 650d | ...... |
| Higsons Brew | 65 | −2 |
| Holt (Jos) 25p | 255 | ...... |
| I.O.M. Stm. £1 | 155 | ...... |
| Pearce (C. H.) | 410 | ...... |
| Peel Mills | 30 | ...... |
| Sheff. Refrshmt | 100 | ...... |
| Sindall (Wm.) | 170 | ...... |

**IRISH**

| | | |
|---|---|---|
| Conv. 9% '80/82 | £65⅞ | ...... |
| Nat. 9¾% 84/89 | £74⅝ | +1¼ |
| Fin. 13% 97/02 | £83¼ | +2 |
| Alliance Gas | 63 | ...... |
| Arnott | 370 | ...... |
| Carroll (P.J.) | 55 | ...... |
| Clondalkin | 82 | ...... |
| Concrete Prods. | 82 | ...... |
| Heiton (Hldgs.) | 35 | ...... |
| Ins. Corp. | 190 | ...... |
| Irish Ropes | 70 | ...... |
| Jacob | 32 | ...... |
| T.M.G. | 150 | ...... |
| Unidare | 85 | ...... |

## OPTIONS

## 3-month Call Rates

**Industrials**

| | |
|---|---|
| A. Brew | 8 |
| BOC Intl. | 6 |
| B.S.R. | 5 |
| Babcock | 12 |
| Barclays Bank | 30 |
| Beecham | 13 |
| Blue Circle | 25 |
| Boots | 17 |
| Bowaters | 16 |
| B.A.T. | 25 |
| Brown (J.) | 7½ |
| Burton 'A' | 25 |
| Cadburys | 5½ |
| Courtaulds | 8 |
| Debenhams | 8 |
| Distillers | 21 |
| Dunlop | 6 |
| Eagle Star | 14 |
| E.M.I. | 12 |
| Gen. Accident | 21 |
| Gen. Electric | 35 |
| Glaxo | 40 |
| Grand Met. | 13 |
| G.U.S. 'A' | 30 |
| Guardian | 23 |
| G.K.N. | 22 |
| Hawker Sidd. | 16 |
| House of Fraser | 14 |
| I.C.I. | 20 |
| "Imps" | 8 |
| I.C.L. | 45 |
| Inveresk | 5 |
| KCA | 3½ |
| Ladbroke | 17 |
| Legal & Gen. | 14 |
| Lex Service | 11 |
| Lloyds Bank | 24 |
| "Lots" | 3½ |
| London Brick | 6 |
| Lonrho | 6 |
| Lucas Inds. | 20 |
| "Mams" | 15 |
| Mrks. & Spncr | 10 |
| Midland Bank | 30 |
| N.E.I. | 5 |
| Nat. West. Bank | 28 |
| P & O Dfd. | 10 |
| Plessey | 10 |
| Racal Elect. | 22 |
| R.H.M. | 4½ |
| Rank Org. | 18 |
| Reed Intnl. | 17 |
| Sears | 5½ |
| Spillers | 4½ |
| Tesco | 7 |
| Thorn | 35 |
| Trust Houses | 14 |
| Tube Invest. | 27 |
| Unilever | 40 |
| U.D.T. | 4 |
| Utd. Drapery | 10 |
| Vickers | 18 |
| Woolworths | 6½ |

**Property**

| | |
|---|---|
| Brit. Land | 7 |
| Cap. Counties | 9 |
| Land Secs. | 25 |
| MEPC | 17 |
| Peachey | 13 |
| Samuel Props. | 14 |
| Town & City | 2 |

**Oils**

| | |
|---|---|
| Brit. Petroleum | 35 |
| Burmah Oil | 15 |
| Charterhall | 5 |
| Premier | 4 |
| Shell | 30 |
| Ultramar | 22 |

**Mines**

| | |
|---|---|
| Charter Cons. | 16 |
| Cons. Gold | 18 |
| Rio T. Zinc | 27 |

A selection of Options traded is given on the London Stock Exchange Report page

# FINANCIAL TIMES

Saturday November 10 1979



MAN OF THE WEEK

# Mystic and maverick

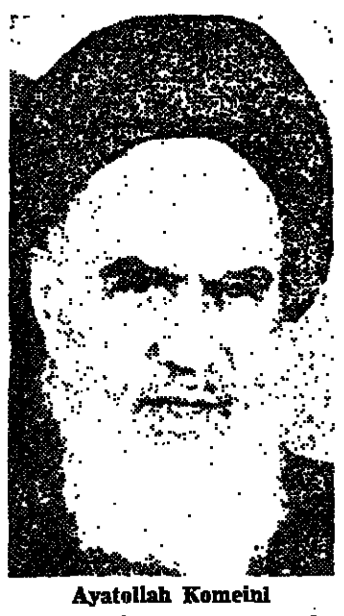
BY ANDREW WHITLEY

AYATOLLAH ROUHOLLAH KHOMEINI, the 79-year-old leader of the Iranian revolution, is not a man to weaken under pressure. He, like other members of the Shi'a Moslem priesthood in Iran, has long experience of sustained exertions by secular forces to persuade him to modify what he sees as his divine duty.

Over the past few days he has held the fate of some 60 Americans in his hand, as well as the possibility of seriously disrupting world oil supplies. Conscious of his power he is, paradoxically, little concerned about the consequences of his actions.

In a bizarre way he is the alter ego of the Shah, the 60-year-old former monarch prostrate with cancer in a New York hospital bed. Both men have their mystical visions, their messianic sense of their own historic role and fitness to rule. Both accurately represent aspects of—but not the whole—of that complicated, mixed up person, the Iranian in the street.

For the moment at least Khomeini commands the fanatical loyalty of a substantial number of ordinary Iranians, who believe his utterances to be pure gold. Both he and his lieutenants genuinely saw the



Ayatollah Komeini
*An overriding passion to undo the Shah's works in Iran.*

overthrow of the old order as one that would above all benefit the Mostazafin—an untranslatable concept combining "the deprived" with "the weak" and the "humble." In practice, it sanctioned a class revolution which is in full swing throughout this ancient land.

Among the top ranking Shi'a clergy Khomeini is a maverick, an outsider who has taken advantage of the Shah's blunders to push his way to the top. He was catapulted to that position by the way in which crowds in their millions, from all walks of life, turned out just one year ago to shout his *name as a symbol of obdurate* defiance to a monarch few really believed in their hearts would be overthrown.

*Those few who have known* Khomeini at close quarters believe him to be a simple and honest man, albeit a "rough and ready primitive" as Mr. Mehdi Bazargan, the recently resigned Premier described him as.

He is sincere in his overriding passion about the need to undo the Shah's works in Iran, to return the country to a path of spiritual and moral rectitude, freed of the greed, materialism and corruption which so blatantly characterised the former regime.

Ayatollah Khomeini first came to the notice of his old opponent in the early 1960s, when he led the clerical opposition to the Shah's assumption of total powers and programme of economic and social reforms known as the "White Revolution."

Known in Qom as a relatively junior but respected theologian he advanced the controversial concept that the clergy should play a direct part in the political life of the country. *For his pains he was jailed* and later exiled, in 1964, first to Turkey and later to Iraq. There, in Kerbala, one of the most holy places of the Shi'a faith, he fret and nursed his grievances.

Arguably, if it had not been for Mohammad Reza Shah's mistakes, Khomeini would have ended his days there—a figure *of the past known to a dwindling* number of his people. Instead he was able to articulate, in relative safety, the widely different pent-up grievances of many Iranians and to capitalise on their complaints by putting forward his own dream of the *Velayat-e-Faghigh*, the rule of the theologians. For Khomeini the siege of the American Embassy has been a test case, because it involves his own credibility.

# Yard probes Panorama film

SIR THOMAS Hetherington, the director of public prosecutions, has been asked to investigate the BBC's filming of an IRA "occupation" in Ulster last month.

Inquiries will be made by Commander Peter Duffy, head of Scotland Yard's anti-terrorist squad, following a request to the DPP from Sir Michael Havers, Attorney-General.

The move follows widespread criticism in the Commons and elsewhere of the filming, by a Panorama team, in the village of Carrickmore, Co. Tyrone. The BBC is carrying out its own investigation and has admitted that the incident "appears to be in breach of standing instructions."

But the BBC has emphatically denied that the film-crew was acting in league with the IRA.

The BBC's statement was echoed by one yesterday from the Provisional IRA, which said that the affair was not "in any way stage-managed or contrived." The arrival of the film unit had been "coincidental."

The arrival of IRA patrols in the towns and villages of Co. Tyrone was not uncommon. "Patrols regularly take place and when it is necessary for villages or towns to be searched it is always done with the co-operation of, and at the request of, the local population."

Scotland Yard's investigation will concentrate on a possible breach of the Prevention of Terrorism Act, section 11 of which deals with the withholding of information which could lead to the arrest of terrorists.

Feature, Page 17

# UN Security Council demands release of Tehran hostages

BY DAVID BUCHAN IN WASHINGTON AND ANDREW WHITLEY IN TEHRAN

THE UN Security Council last night called for the release without delay of the hostages held since Sunday at the U.S. embassy in Tehran.

Sergio Palacios de Vizzio of Bolivia, the Council president, issued the appeal "in the strongest terms" after a closed-door meeting which lasted more than two hours. It had been requested by the U.S. delegate, Donald McHenry, on instructions from the White House.

In seeking the vote, the U.S. was attempting to bring the widest international pressure on the Ayatollah Khomeini's regime. It did not ask the Security Council for a formal resolution, because that would have involved an open debate which Washington felt might further exacerbate the situation.

In Tehran, 50,000 demonstrators marched on the occupied embassy shouting "Death to America" and "Islam is victorious." They dispersed peacefully after indicating their support for the occupiers' demands for the return of the Shah.

Discussions between a mission from the Palestine Liberation Organisation and the Iranian authorities are continuing, apparently with the initial aim of securing the release of several hostages.

Representatives of the Red Lion and Sun Society, the Iranian equivalent of the Red Cross, visited the hostages and reported them as being in good shape physically, though some were *suffering from mental* distress.

However, Iran's desire for a public gesture to satisfy the young militants holding the embassy, and their clerical backers, was underlined when a leading member of the regime emphasised that no Iranian Government could take a unilateral decision to free the hostages.

A caretaker administration of sorts appears to be taking shape following the resignation of Mr. Mehdi Bazargan, the Prime Minister, and his Cabinet on Monday.

In Washington, pro- and anti-Iranian sentiments erupted in the street when several hundred students marched in support of Ayatollah Khomeini's tough stance. Large police contingents separated them from counter-demonstrators calling for the U.S. to "bomb Iran," and to "swap Khomeini for the Shah."

President Sadat of Egypt told an American television network on Thursday: "What's going on in Iran is a disgrace to Islam," and offered to fly the Shah to Egypt.

The one retaliatory step the U.S. has taken so far is to suspend deliveries of military equipment and weapons spare parts to Iran, though some U.S. dockers have on their own initiative refused to load ships bound for Iran.

Ray Dafter, Energy Editor, writes: News of Iran's plans to reduce contract oil supplies by 5 per cent for the final three months of this year, sparked a further frenzy of activity on the oil products spot markets yesterday. The price of heavy fuel oil continued to rise, to between $196 and $199 a tonne, depending on the sulphur content. These prices compared with about $190 a tonne quoted on Thursday.

*There* was still uncertainty about Iran's intentions in regard to oil exports. Some reports yesterday suggested that the 5 per cent output withheld from companies like BP and Shell would be sold on the spot market. Others saw the Iranian move as a confirmation of a more conservationist policy. Still others thought production troubles may have arisen.

# Massey closing Scottish plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MASSEY - FERGUSON, the troubled Canadian agricultural machinery group, yesterday announced the closure of its Kilmarnock plant in Scotland—the only combine harvester factory in the UK—with the loss of 1,500 jobs. It also revealed plans to axe 250 staff jobs at its Coventry tractor factory.

The company said a review of *its European operations had* confirmed that it could not support combine manufacture in two places. Production is to be centralised in the larger Marquette factory in northern France.

Britain already imports most of its combine harvesters, which are the largest single sector of the agricultural machinery market, although Kilmarnock sold more than half of its output abroad. The loss of production there will have an adverse affect of £11m a year on the UK balance of payments.

There had been some hope that 500 Kilmarnock jobs might have been saved, with the plant making balers, but the unions were told yesterday that demand had so deteriorated that this was no longer possible.

The group lost U.S.$9.5m (£4.5m) *in the first nine months* of this year, but hopes to break even over 1979 as a whole.

At Coventry, which saw nearly 1,000 redundancies in May last year, the company hopes to increase tractor output by 3,000 units a year if the unions will agree to this without additional labour.

The Kilmarnock decision was described by Mr. George Younger, the Scottish Secretary, as "a grievious blow." Mr. Ken Cure, secretary of the joint union committee for Massey-Ferguson, called it a betrayal that was terribly disappointing.

The unions did not accept the management's argument that production could not be viable. "Workers here have shown they can produce things and make profits. Nevertheless, because of the international *position of the company, they* are the victims."

The Kilmarnock factory, which is leased from the Scottish Development Agency, is due to close on February 15. In the meantime, the management and unions will try to find a new employer, or employers, to occupy it and take on workers.

Mr. Sam Kay, shop stewards' convenor, said he was still discussing with the company the possibility of continuing to make components or of doing some contract work.

Massey is to set up a new company to negotiate with any potential employer, and has indicated to the unions that it may be willing to transfer machine tools at very low prices.

The Government has also offered financial support for any viable new product.

*Mr. Kay said:* "This is not some old shipyard or run-out coal mine; it is a modern factory that had £4m invested here in 1974-75. There is a market in this country for the things we make."

Kilmarnock has an unemployment rate of 9.4 per cent which will rise to over 12 per cent after the closure. Scotland overall has seen some 30,000 jobs vanish since the start of the year.

# GEC raises bid for Averys to £98m

BY ANDREW FISHER

GENERAL ELECTRIC Company yesterday re-emphasised its determination to acquire *Averys, the weighing machine* company, by raising its bid to nearly £98m after the low response to its previous offer.

But GEC has yet to secure the agreement of the Averys board, which is to give its reaction on Tuesday along with a profits and increased dividend forecast.

Nor has the rise in price from the £90.4m that GEC offered for Averys in September changed the attitude of the latter's major shareholder, Britannic Assurance, which controls nearly 8 per cent of the *company's shares.*

Mr. Frank Weavers, the company secretary and investment manager of Britannic, said: "We're just not tempted."

Averys has fought hard to avoid GEC's embrace and still views the new price of 265p per share in cash or loan stock, compared with the previous 245p, as too low. Averys' share price was pulled up by 20p yesterday by the higher terms, but still closed below the bid level at 253p. GEC shares gained 6p to 319p.

Lord Nelson, chairman of GEC, said in the document accompanying the revised offer that the new terms placed a substantial premium value on Averys' shares.

The latest bid valued Averys' shares at 45p more than the highest price reached before GEC's approach, he said. This was made in November, 1978, when GEC proposed a bid of 225p, but was then forced to stand aside while the Monopolies Commission investigated the offer.

Following the go-ahead from the commission this autumn, GEC—*which has cash reserves* exceeding £700m — made a higher bid, which was rejected by the Averys Board and gained acceptances of only 9 per cent at the first closing date near the end of October. These did not include Averys' other main shareholders, Kuwait Investment office, with 7 per cent.

GEC gave no indication yesterday of how acceptances had developed subsequently, but must do so under the Takeover Code on Monday morning.

Continued from Page 1

## MLR

then if it is to start selling gilt-edged stock again. Its two prerequisites of top stocks are well out of line with the market. Prices of long-dated stocks fell by up to £1¼ yesterday and the FT Government Securities Index has now dropped by 5¼ per cent *so far this month.*

A difficult week for the Government's economic strategy ended with some disappointing financial figures showing that central Government borrowed £64m last month compared with repayments of £136m a year ago.

In particular, value added tax payments were held up by delays in collection, though the figures suggest a substantial rise in receipts by central Government in the last fortnight of October after the end of the banking month. Borrowing by nationalised industries was also much higher than a year earlier.

The worrying feature is that, only seven months into the financial year, central Government borrowing is already £6.67bn—39½ per cent higher than a year earlier—compared with a Budget forecast of a total of £9.56bn for the full year, an 18.4 per cent rise on the 1978-1979 level.

# McFadzean front runner for Rolls-Royce chairmanship

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

The Government hopes to resolve the row over the future of Rolls-Royce and its relationship *with the National Enterprise* Board early next week.

Last night Sir Keith Joseph, Industry Secretary, released letters he has exchanged during the past few days with Sir Kenneth Keith, the present RR chairman. These confirm that Sir Frank McFadzean, a past chairman of British Airways and Shell, is the front runner for the job.

"I cast a fly over Sir Frank McFadzean in the summer, at the time when he agreed to join the Rolls-Royce board," *wrote* Sir Kenneth. "I am therefore delighted to hear that Sir Frank would indeed be interested in becoming my successor."

The letters do not constitute formal notice of Sir Kenneth's *resignation from the chairman*ship, even though he said on Thursday night that he intended to retire early next year.

Sir Frank is thought to want to report direct to the Industry Department if he becomes chairman. This would mean that the State-owned aero engine company would be taken away *from the NEB, which at present* holds its shares.

There is also a strong feeling in Whitehall that the relationships between the company and the Government should be put on a new footing, free of the NEB, because of personality clashes during recent years between Sir Kenneth and Sir Leslie Murphy, the NEB chairman.

Board members of the NEB warned Sir Keith Joseph earlier this week that they would resign if RR were transferred.

The Government therefore has to decide whether to risk the political row this would cause. Ministers could be seriously embarrassed by such resignations because some senior industrialists would be involved.

The position is complicated by the NEB holding the primary power, after consultation with Sir Keith, to appoint the chairman.

In addition, Sir Keith is not thought to have the power to *transfer the ownership of RR* to his Department until his Industry Bill, which restricts the role of the NEB, reaches the Statute Book early next year.

BL has also indicated its interest in being freed from *NEB ownership if RR is transferred,* and it is expected to put this view to Sir Keith at a meeting early next week.

There appears to be little sympathy for this line in Whitehall. BL is not regarded as *having the same claim to free*dom as RR, which already has strong links with Government departments because of its civil and defence aero engine programmes.

The BL move is thought to have been initiated by non-executive directors on the company's board and goes against the view of some senior execu*tives who believe* they have a good working relationship with the NEB.

هكذا من الأصل

THE LEX COLUMN

# The truth can be painful

The BP issue came close to being stranded on Thursday, but with most of the big merchant banks and brokers giving a helping hand, along with the Ayatollah through his threats to the world crude oil balance, the offer seems to have been subscribed getting on for twice. *Now the authorities* can get on with the job of deciding at which new interest rate level they can rely on the markets starting to function properly again. Yesterday it was left to the discount houses to take an unwilling lead at the weekly Treasury bill tender.

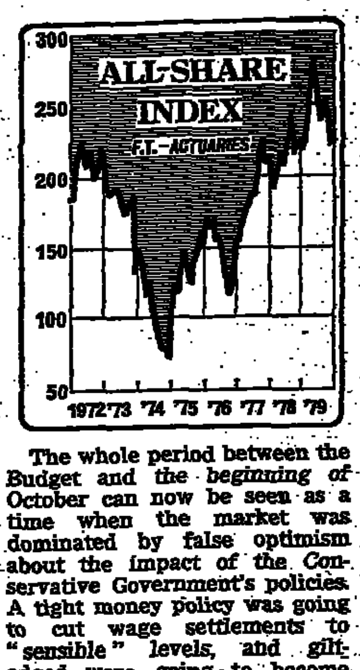
Not surprisingly, the houses were most unenthusiastic: their applications of less than £330m barely covered the £300m of bills on offer, and the average discount rate of 14.76 per cent is *the highest in living memory* —it would have brought a Minimum Lending Rate of 15¼ per cent under the old *market-related formula.* An MLR change on Thursday or even before, now that the BP issue is safely out of the way, looks almost certain, and a two point jump to 16 per cent is far from unlikely.

## Decline and fall

The best that can be said about the equity market this *week is that the trend has been* even worse in gilt-edged, where some long-dated bonds have lost more than five points. At least equities managed a sizeable technical rally yesterday, though this was the first improvement in nine trading days. The FT 30-Share Index has descended to levels not seen since the first half of 1977. The broader based FT-Actuaries All-Share Index has performed much more strongly, but it has now dropped by more than a fifth from its *all-time* peak at the *beginning* of May this year, and is a bare 3 per cent above the year's February low.

It has all happened with perplexing suddenness. As recently as October 8 the 30-Share Index stood at 486.8, as for one day the London market managed to ignore the implications of the Volcker package in New York. That strength in early October turned most of the chartists bullish as the indices broke up through resistance levels. But the signals were highly misleading: since then it has been downhill all the way and with hardly a support level *in sight the chartists* have turned bearish.

**Index rose 8.7 to 420.9**





The whole period between the Budget and the *beginning of* October can now be seen as a time when the market was dominated by false optimism about the impact of the Conservative Government's policies. A tight money policy was going to cut wage settlements to "sensible" levels, and gilt-edged were going to become scarce. Though worried about prospects in the company sector, the big funds were also nervous about missing a sharp upturn—January 1975 still casts a long shadow.

Hence a lot of speculation that a turning point might be near. There has been much talk of a recession, and of the cure that it would provide for excessive monetary growth. But historical precedents have not suggested such an early cyclical turning point. In August this column warned of a "long, bumpy ride *ahead" for the equity market.*

The apparently improving trend in the money supply through the late summer — by the September make-up day sterling M3 was within the official target range—encouraged the bulls. More recently, however, puzzling discrepancies have been emerging. Tight money should make sterling strong, but it has become quite weak. Perhaps this could be explained by the dismantling of exchange controls in two stages since July. But there is also the pay round. The money squeeze is supposed to make companies resist big wage claims; yet many have been settling in the 15-20 per cent range, and making no great complaints at having to do so. It seemed that monetarism was being discredited.

This week came the answer to the puzzle. Monetary policy has not been tight at all, and in the past few months—adding back leakages through the "corset" controls — the money supply has been growing at an annual rate of over 15 per cent. So interest rates are being jacked up yet again—following a worldwide trend — and the real squeeze is yet to come. Only when it begins to hurt can there be hopes that the turning point for the financial markets is near.

## GEC/Averys

GEC's long tussle for control of Averys is at last coming to a head. Yesterday it increased its terms by 20p per share to 265p cash or loan notes, and that is almost certainly its final price. Next Tuesday, Averys will be making a profits and dividend forecast for 1979 and the bid finally closes on November 23—almost exactly a year after GEC first showed its hand.

On the conventional stock market arithmetic, the new terms look reasonable. They value Averys at £98m, compared with net assets of roughly £70m and profits in the half year to June of £7.2m pre-tax. The prospective dividend yield at the bid price is unlikely to be much out of line with the 7 per cent or so now offered by the market as a whole.

The recent weakness of equities has been a big help to GEC. The bid is worth about 50 per cent more than the market price last November, whereas the Industrial Group—having been well up at one stage—has fallen by about 5 per cent over the same period. Most of the engineers have fared a good deal worse than that.

Averys will have to persuade its shareholders not to be swayed by such short term criteria. It can point to a strong earnings record, and to the fact that its manufacturing interests are underpinned by a servicing operation — which produces about two-fifths of profits and seems to be more or less inflation proof.

It can count on the loyalty of Britannic Assurance, with about 8 per cent of the votes, and the Kuwait Investment Office with another 7 per cent might also be seen as a long term holder. But unless it can come up with something special in the next week, Averys' days of independence are numbered.

# Weather

UK TODAY

SUNNY PERIODS. Showers. Cold in most areas.

**London, S.E. England, Midlands, E. Anglia, Channel Islands**
Sunny periods. Isolated showers. Max. 9C (48F).

**S.W. England, Wales**
Sunny intervals. Scattered showers. Snow on high ground. Max. 10C (50F).

**N.E., N.W. England, Lakes, Isle of Man**
Sunny intervals. Showers. Max. 9C (48F).

**N.E. Scotland, Orkney, Shetland**
Bright intervals. Wintry showers. 5C (41F).

***N.W. Scotland, Northern Ireland***
Rain. Sonw on hills. Bright intervals. Max. 8C (46F).

**Rest of Scotland**
Sunny periods. Wintry showers. Max. 7C (45F).

**Outlook:** Unsettled. Sleet, snow or rain.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 18 | 64 | Lisbon | C | 17 | 63 |
| Algiers | S | 26 | 79 | Locarno | C | 10 | 50 |
| Amsdm. | F | 9 | 48 | London | R | 10 | 50 |
| Athens | S | 19 | 66 | Luxmbg. | F | 8 | 46 |
| Barclno. | F | 17 | 63 | Madrid | F | 13 | 55 |
| Beirut | S | 22 | 72 | Majorca | F | 20 | 68 |
| Belfast | S | 6 | 43 | Malaga | F | 21 | 70 |
| Belgrd. | F | 19 | 66 | Malta | S | 21 | 70 |
| Berlin | C | 7 | 45 | M'chstr. | R | 4 | 39 |
| Biarritz | R | 12 | 54 | Melbne. | S | 22 | 72 |
| Bmghm. | F | 7 | 45 | Milan | R | 10 | 50 |
| Blackpl. | R | 4 | 39 | Mntreal | C | 6 | 43 |
| Bordx. | C | 11 | 52 | Moscow | C | 2 | 36 |
| Boulgn. | F | 9 | 48 | Munich | C | 6 | 43 |
| Bristol | F | 9 | 48 | Nairobi | C | 20 | 69 |
| Brussels | S | 9 | 48 | Naples | F | 19 | 66 |
| Budpst. | F | 15 | 59 | Nwcstl. | R | 5 | 41 |
| B. Aires | S | 19 | 66 | N. York | C | 12 | 54 |
| Cairo | S | 25 | 80 | Nice | F | 17 | 63 |
| Cardiff | R | 5 | 41 | Nicosia | S | 22 | 72 |
| Cas'bca | C | 19 | 66 | Oporto | C | 13 | 55 |
| Cape T. | S | 22 | 73 | Oslo | C | −2 | 28 |
| Chicago | R | 6 | 43 | Paris | F | 11 | 52 |
| Cologne | F | 9 | 48 | Perth | R | 21 | 70 |
| Conhgn. | C | 6 | 43 | Prague | F | 7 | 45 |
| Corfu | S | 20 | 68 | Reyjvk. | C | −1 | 30 |
| Dublin | S | 6 | 43 | Rhodes | S | 21 | 70 |
| Dbrvnk. | C | 17 | 63 | Rio J'o | C | 24 | 77 |
| Ednbgh. | S | 5 | 41 | Rome | F | 20 | 68 |
| Faro | C | 16 | 61 | Salzbrg. | R | 8 | 46 |
| Florence | C | 20 | 68 | Singapr. | S | 28 | 87 |
| Frankft. | F | 10 | 50 | Stckhm. | C | 3 | 39 |
| Funchal | C | 19 | 66 | Strasbg. | C | 10 | 50 |
| Geneva | C | 12 | 54 | Sydney | C | 20 | 68 |
| Gibrltr. | C | 19 | 66 | Tangier | C | 17 | 63 |
| Glasgow | F | 6 | 45 | Tel Aviv | C | 28 | 82 |
| G'msey | F | 11 | 52 | Tenerife | C | 18 | 64 |
| Helsinki | C | 3 | 39 | Tokyo | C | 17 | 63 |
| H. Kong | C | 24 | 77 | Toronto | C | 4 | 40 |
| Innsbrk. | R | 9 | 48 | Tunis | S | 23 | 73 |
| Invrnss. | F | 5 | 41 | Valencia | F | 20 | 68 |
| I.o.Man | C | 7 | 45 | Venice | C | 11 | 52 |
| Istanbul | S | 18 | 61 | Vienna | C | 15 | 59 |
| Jersey | S | 8 | 46 | Warsaw | C | 5 | 41 |
| Jo'burg | C | 21 | 70 | Zurich | C | 8 | 46 |
| L. Plms. | S | 22 | 72 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.



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